The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Will Siberian Border Clash Give Tokyo Warlords New Battle Front?

ARTICLES IN THIS ISSUE

Japanese Compel Peiping Puppets to Pay Their First Indemnity
Fascists Conduct Wierd Ceremony on Summit of Mr. Fuji
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SATURDAY, JULY 23, 1938 VOLUME 85, NUMBER 8

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JAPANESE COMPEL PEIPING PUPPETS TO PAY THEIR FIRST INDEMNITY

THE Japanese military headquarters at Peiping announced last week that the Peiping "Provisional" Government had handed over to the Japanese military authorities the sum Y. 800,000 the final instalment of an indemnity assessed against the Chinese for the so-called "Tungchow Incident." As the first payment, amounting to Y. 400,000, was handed over on December 24 of last year, it meant that the puppet administration was compelled to pay the Japanese military the sum of Y. 1,200,000 for the Tungchow affair. It was Peiping's first indemnity to its Japanese overlords, and according to report the money came out of the proceeds of Chinese maritime customs at Tientsin, with the exception of a "certain sum" which the Japanese compelled Yin Ju-keng, former puppet administrator of the East Hopei regime to contribute toward the indemnity.

The Tungchow "massacre" was one of the dramatic developments of the fighting in the Peiping-Tientsin area following the outbreak at Lukouchiao. Tungchow, located about 20 miles east of Peiping, was the capital of the so-called East Hopei Autonomous Anti-Communist Government which the Japanese Army established in the area directly south of the Great Wall. Yin Ju-keng, a Chinese renegade, who had previously served as a police commissioner in the zone, was made chairman of the East Hopei administration which was protected by a Japanese garrison consisting of about 600 men.

In addition to the Japanese Garrison, the Japanese Special Service Section, attached to the Army, instituted the training of a native Chinese militia which was to be used in fighting the Chinese "red" troops. The Chinese militia, in addition to the military training it received at the hands of the Japanese drill-masters, was also propagated with anti-red doctrines. According to a statement of Yin Ju-keng to foreign newspapermen sometime prior to the Lukouchiao incident the Japanese had trained one regiment of Chinese militiamen in "anti-red" warfare, and were just beginning the training of another when the storm broke.

In addition to the 600 troops which the Japanese stationed in Tungchow, and the native "anti-red" militia, there were a few companies of General Sung Cheh-yuan's Chinese troops also stationed in the outskirts of the city.

Also, it should be explained, Tungchow the "capital" of the East Hopei regime was filled with Japanese and Korean adventurers who had flocked in behind the Japanese army and were engaged in all manner of activities such as smuggling of silver, narcotics, sugar and other merchandise which was

either prohibited by the Chinese or was subject to high Chinese customs duties. The Japanese and Koreans lived in a special hotel built for the purpose.

When the storm broke at Lukouchiao, the Japanese Army in Tungchow first rounded up the small contingent of Gen. Sung's troops, caught them in a corner of the city wall and machine-gunned them to a man. The Japanese then withdrew a portion of their Tungchow garrison to Peiping, leaving about 200 men to guard the city. The Japanese also armed most of the Japanese ronin and Korean gangsters in the town.

But the massacre of the small contingent of Gen. Sung's troops was too much for the Chinese "anti-red" militia which the Japanese had been training. When they heard the news of developments in Peiping following Lukouchiao, they decided to stage their own "incident" and, according to the Japanese reports, they did a thorough job of it. Seizing the arms in the Japanese garrison headquarters they attacked and defeated the Japanese troops and then proceeded to wipe out the whole Japanese set-up, including the flock of ronin, Korean adventurers, and a score or more of Japanese reservists who had been given jobs as advisers to the East Hopei puppet state.

Only a few Japanese, including one woman, succeeded in escaping from Tungchow. They did so by wearing Chinese clothes provided by faithful Chinese servants. Yin Ju-keng, the Chinese renegade chairman of the East Hopei Government, also escaped—in women's clothes—and succeeded in reaching Peiping. But the Japanese military authorities suspected Yin of complicity in the Tungchow massacre and immediately put him in jail in the Japanese Embassy compound and he is supposed to be there now—unless the Japanese have released him recently—following payment of the Tungchow indemnity.

The number of Japanese and Koreans killed by the "anti-red" Chinese militiamen was said to have been between 350 and 400. The bodies were thrown into a pond in the park, the water of which, according to the Japanese newspaper reports was made entirely red by the blood of the victims.

FASCISTS CONDUCT WIERD CEREMONY ON SUMMIT OF MT. FUJI

Japanese Fascists and representatives of European Fascist groups and Governments and representatives of the puppet state of Manchukuo and the "Reformed," and "Provisional" puppet administrations in Peiping and Nanking, staged a wierd ceremony "high on the sun-drenched summit of sacred Mount Fuji," according to a *Domei* report from Tokyo on July 18. The ceremony was held on the early morning of that day, the pilgrims including representatives of Germany, Italy, Hungary, Gen. Franco's portion of Spain and 32 Manchukuo students in addition to the Japanese, all of whom were members of the Japan-German-Italian Anti-Comintern "front."

Chief phase of the ceremony was the offering up of prayers before the Sengen Jinta Shinto Shrine for the welfare of Japanese soldiers on the various battle fronts of China. Pledges were made to strengthen the anti-comintern ties among the nations concerned. Four votive tablets were presented to the Shrine. The delegates, 120 in number, spent practically the entire night in climbing the mountain, reaching the summit at 7:30 a. m. Several members of the Embassies of Germany, Italy and Gen. Franco's Spain participated. The ceremony closed with shouts of "Banzai" for the Emperor of Japan and the rulers of other Fascist countries.

SPECIAL U.S. COURT JUDGE HAD LONG EXPERIENCE IN CHINA

Nelson Erroll Lurton, recently appointed Special Judge of the U.S. Court for China, in the absence of Judge Milton J. Helmick who is on vacation in the United States, came to China originally in 1917. Mr. Lurton's first position was Secretary and Disbursing Officer of the China Tariff Revision Commission, a position to which he was appointed by the Secretary of State.

Judge Nelson E. Lurton, Special Judge of the U.S. Court for China

The following year, October 1918, Mr. Lurton was appointed Marshal of the U. S. Court by President Woodrow Wilson, but shortly afterward he was appointed Commissioner of the Court, a position he held until 1928. He then resigned to engage in the practice of law, until last year when he was again appointed Commissioner. His appointment of Special Judge dated from June 24 when Judge and Mrs. Helmick departed on vacation.

Judge Lurton was born at Dow, Illinois, Jan. 1, 1883. He has two degrees from the Benton College of Law in St. Souis, Bachelor of Laws, 1910, and Master of Laws, 1911. He was admitted to the practice of law by the State of Missouri in 1910 and practiced in the courts of St. Louis from 1913 to 1918.

Mrs. Lurton and their 14-year old son are now in St. Louis, having returned to their home at the outbreak of hostilities here last year.

PEIPING PAWNSHOPS MUST SUBMIT TO JAPANESE "PROGRESS"

THE Japanese military establishment in Peiping has ordered—through the puppet Provisional Government—the reorganization of the pawnshops in the Peiping-Tientsin area into a $10,000,000 "Pawnshop Trust." The pawnshop proprietors have been ordered to put up $5,000,000 while the Japanese-controlled Federal Reserve Bank will put up a similar sum.

The new arrangement, if carried out, would give the Japanese military administration complete control over an institution which occupies a unique position in Chinese society, hence the Japanese order has created a tremendous commotion and the proprietors have voted to close their doors rather than submit.

One must understand the position of the pawnshop in China to realize the seriousness of the crisis. In the first place there's nothing "disreputable" about the operation of a pawnshop in China. The pawning of articles is nothing to be ashamed of and practically everybody in town visits the local pawnshop at least twice a year—in the spring to pawn the winter clothing, and in the fall to pawn the summer clothes

and take back the winter attire. Well-to-do people take their furs and often their gold and silver bullion to the pawnshop to be taken care of somewhat similar to the service of the safe-deposit box at a bank in the west. In many towns and villages in rural China the pawnshop is the only building sufficiently well constructed to withstand attack by robbers.

Although licensed by the authorities, the pawnshop has always been a private institution, an important part of the "native" banking system. Some of China's wealthiest men have had their chief investments in pawnshops. This was true of the late President Li Yuan-hung who was rated as the largest owner of pawnshops in North China in the days of the old regime.

The *Domei* report from Peiping on July 17 referring to the control scheme, explained that the "economic life of urban and rural China would be aided by the specially-chartered financial control scheme . . . which would prevent abuses . . ."

Close Connection Between Russo-Japanese Border Clash and Nippon's Yangtsze Drive

ONCE again the Soviet-Manchurian border is bristling with bayonets, while a deluge of protests, accusations, countercharges and dark hints of readiness to take "action" is pouring out of Moscow and Tokyo.

Outwardly, the situation is no whit different from the border disputes of last year, or the years before, when small armies of superbly equipped men fought miniature wars along the uncertain frontier line between Manchuria and Outer Mongolia and on the banks of the Amur River.

But the similarity is only superficial. The war in China has so profoundly affected the entire Pacific scene that what was true yesterday today no longer holds water.

The current dispute very obviously has little to do with a violation of the border line. In fact, Moscow denies the presence of her troops on the spot where the incident is alleged by Tokyo to have taken place.

Whether the denial, or the Tokyo charges, is true or not does not materially affect the situation. The dispute appears to be a "test," deliberately provoked to ascertain the readiness of the other power for a major combat.

For the moment, indications are that Japan is playing the role of a provocateur, whose motives lie in the realm of high politics, military strategy and domestic public opinion. Reasons for this belief are as follows:

Japan has regarded Russia as her "natural" foe for nearly two decades, since Nippon's unsuccessful Siberian crusade in 1921. Conviction that the Japanese would inevitably meet the Russians in another clash gained strength in 1931, when the physical boundaries of the two nations met for the first time in Manchuria.

Not willing to sacrifice her second Five-Year Plan, Russia chose to retire from Manchuria with the greatest possible grace in 1934, when she virtually presented the Chinese Eastern Railway to the Japanese Army.

But clashes continued along Manchuria's borders with Russia and Outer Mongolia in the subsequent year, as Japanese and Soviet patrols strayed across the frontier line and as the War Office in Tokyo and the Kwantung Army in Manchuria deliberately fanned minor disputes into major incidents to persuade the economy minded politicians in the Diet of the urgent necessity of increasing military appropriations. With clock-like regularity, border clashes in 1933-36 occurred in late summer and early spring, to coincide with the budgetary deliberations of Japanese parliamentarians.

But the formula—"budget-time, trouble-time" no longer applies today. The Army requires no additional funds and the frightened Japanese politicians need no Fresh border incidents to make them follow the Army's dictates. The reason for the latest dispute must, therefore, have its roots somewhere outside of the budget.

There are seemingly three explanations of the current tension. The first of these is the growing weariness of the Japanese people with the Army's year-old adventure in China. In one of the most remarkable articles to appear in recent years from the pen of a Japanese writer, the editorial commentator of the powerful Tokyo *Nichi-Nichi* wrote last week:

". . . . We find the authorities complaining that the people are not sufficiently tense . . . . The question arises: what causes the authorities to think so . . . ?

"The reason is to be sought in the fact that there is no sign of a speedy end of the anti-Japanese regime in China despite the brilliant series of victories which have been scored by the Japanese Army, and that there is increasing talk about the gravity of the situation confronting the country in spite of the tremendous efforts which have been made by the Japanese in the first year of fighting.

"The people are agreed about the grave nature of the situation created by the protracted hostilities in China. But they lack a clear conception of the degree of the gravity in the situation. This probably is the explanation of the absence of sufficient tension among the people. It might be said that in a long distance race with China, so to speak, the people should put on the fullest speed, irrespective of the competitor . . . . Do the authorities wish the people to prove their mettle to the fullest extent? Then we want them to make it clear that the competitor in the long distance race, to continue the metaphor, is one to beat whom they must put on full speed . . .

"We do not insist that the authorities should see that the people are in possession of all information regarding the situation. There is information of a sort which precludes its possession by the people. But we doubt whether it is in the best interests of the nation for the authorities to keep the people in ignorance of matters which are common knowledge in foreign countries.

"Perfect unity among the people is the first condition for successful comduct of the campaign in China. And perfect national unity is possible only when there is complete agreement among the people in regard to the truth of the situation. To speak of the gravity of the situation is not sufficient to put the people on their mettle . . . .

"We do not insist on the removal of all the restrictions on speech, which should include the right of reporting and of asserting. There is some speech which must be curbed, even in peace time. The point is that the authorities should know enough to be tolerant of speech which may not be pleasing to them if it has a patriotic motive . . . ."

This editorial, voicing the growing doubt and weariness in the breasts of Japan's petty merchant, artisan and man-in-the-street, is a bold expression of what scores of other, meeker, editorial writers are fearfully hinting in their articles.

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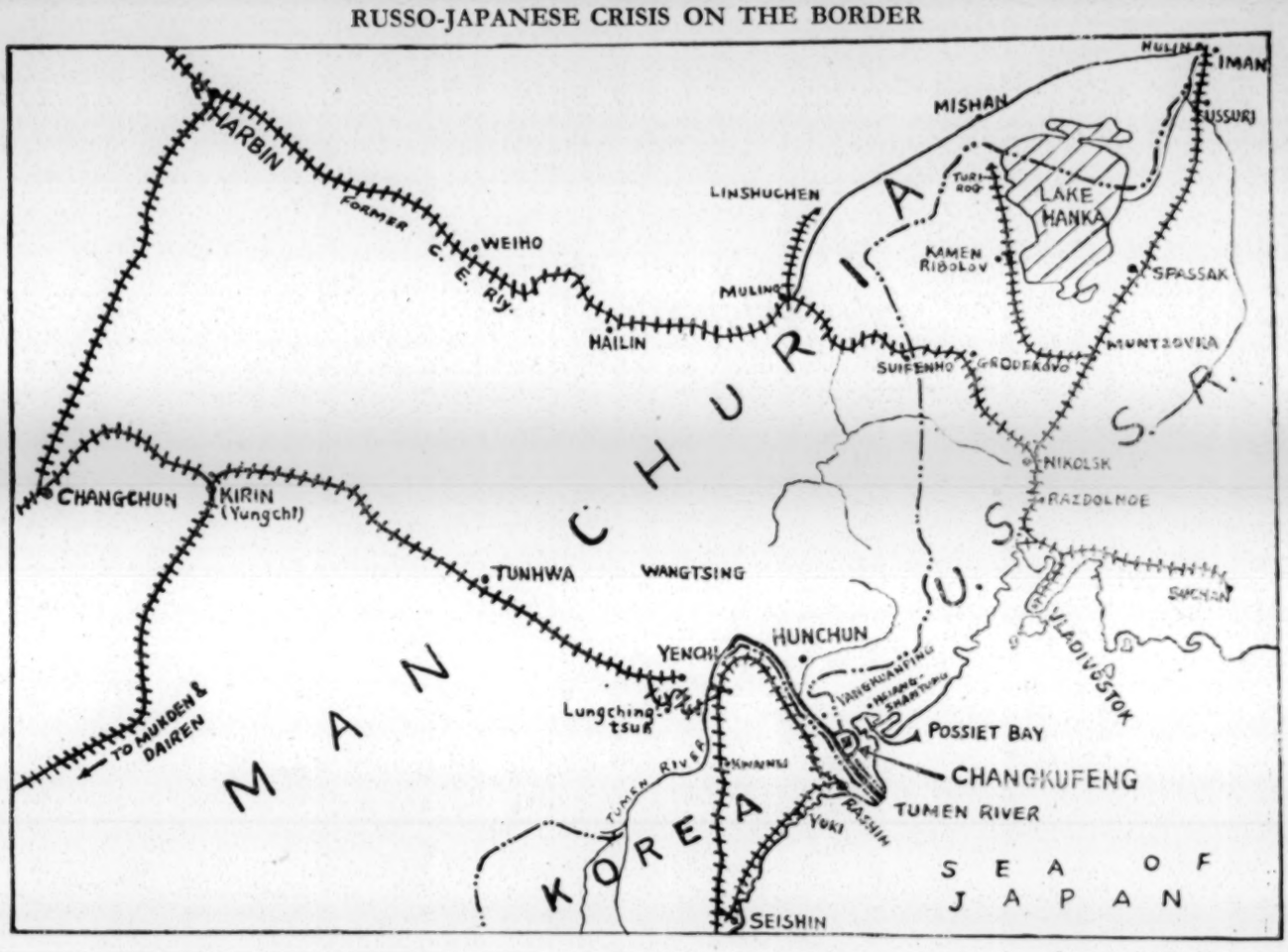
Japanese military leaders a year ago promised their people a speedy victory in China and a subsequent chicken in every bowl. This pledge has not been kept.

RUSSO-JAPANESE CRISIS ON THE BORDER



Map by P. C. Chen

This map indicates the significance of the complications which have developed on the border between Korea, Manchukuo and the U. S. S. R. The names and locations of most of the towns and mountain villages mentioned in the news dispatches appear on the map. All of them are located in the comparatively small area extending from Soviet Vladivostok to the new ports of Rashin and Seishin which the Japanese recently constructed on the upper Korean coast. According to an article in the *Asahi* on July 15 the hills and other strategic points which the Soviet troops recently have occupied, actually overlook and command the new Japanese ports, thus making them untenable in the event of war. The Tumen River, shown on the map, is the border between Soviet and Japanese (Korean) territory, although the Japanese claim the border is further north in the vicinity of Possiet Bay. The town of Changkaofeng, mentioned in the news reports, is about 40 kilometers south of Hunchun, shown on the map. Changkaofeng apparently is on the border. The mountain Shanfeng, which the Soviet troops allegedly have occupied, together with the town of Changkaofeng, overlook the Japanese towns of Rashin (shown on the map) and also Yuki (south of Rashin) and Tumen, on the river. The tenseness of the situation, with each side struggling for strategic advantages, indicates how a spark may set off hostilities as occurred at Lukouchiao, near Peiping a year ago.

Instead, the Government, after twelve months of "glorious victories," has embarked on a campaign of belt-tightening which will throw a million people out of work and which has already put the entire population on short food, clothing and fuel rations.

Little wonder, therefore, that the traditionally patient Japanese people begin to exhibit signs of lagging enthusiasm and discontent over the prospects of still hungrier winters to come.

The Army must supply a major victory or acute tension abroad to stiffen morale at home. Victories in China, because of the Yellow River flood and the bitter resistance of the foe, are now both costly and infrequent. The Japanese "gains" in Shansi, Anhwei or Shantung, cannot be used for publicity purposes for they are being made on battlefields which were theoretically placed under Japanese control last February.

Thus, with the exception of the fall of Hankow or the launching of a new expedition in South China, the Japanese Army has no alternative to picking a quarrel with her powerful neighbor across the Siberian border.

Were such morale-bolstering provocations certain of remaining confined to limited border areas, the world could afford to regard them with equanimity. There is, unfortunately, no such certainty.

Only recently, Gen. Sadao Araki, returned from obscurity to an important Government post, informed Japan that "we must show determination in our war with China and Russia, our eternal enemies." Late last month, Tokyo walls were plastered with posters calling for action against the Soviet Union. The elements that have always yearned for a "holy anti-Soviet crusade" are today holding key posts in the Army and the Government.

Moreover, the feeling among the Soviet and Japanese troops massed along the border has never been so bitter against the other country as it is today. Japan's picked units, sent to Manchuria to ward off the expected blow from Russia, are especially anxious to parallel the achievements of their co-nationals in China on the battlefields of Siberia. Forced idleness breeds impatience, which has all the explosive qualities of TNT.

It must also be recalled that Tokyo exercises little control over the units of the Kwantung Army. Command over these men is wielded by the jingoistic, supernationalist and supremely confident generals in Changchun, Mukden and Korea, who have for the past seven years formulated and carried out Japan's continental policy.

It is for these reasons that obscure Changkaofeng, on the hills overlooking Possiet Bay and only a few

score miles from the Soviet submarine base in Vladivostok, may overnight be transformed into another Lukuochiao, once equally obscure.

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Another possible explanation of the current border tension is Tokyo's desire to learn if Russia is willing, or ready, to back China with armed force. Japanese General Staff, and with it many a neutral observer, believe that there is a secret military agreement between Moscow and Hankow.

There is undoubtedly an understanding for the supply of munitions and airplanes to China. What else there is can be ascertained only by a test of blood and arms, through one or several sanguinary border clashes. Such may be the current dispute at Changkaofeng.

If Moscow shows readiness to resist, Tokyo may choose to retire from the field of battle by ignoring the entire incident. There is, however, a possibility that the belligerence currently reigning in Tokyo may make such a withdrawal too painful for the tender military susceptibilities. In such a case, a crisis is inevitable.

If, on the other hand, Russia backs out of the dispute, as she has done a year ago in the Amur Islets incident, Tokyo will become convinced that the Soviet union does not desire to aid China on the field of battle then Japan will be in a position to throw the 300,000 troops massed in Manchuria into the Yangtse Valley, where they are badly needed for a crushing blow to China.

There remains the last alternative explanation, in which, the writer admits, he is dealing with assumptions as much as with facts. There is, on the face of it, some mysterious connection between "Gen. Looshkov," whom the Kwantung Army had sprung upon the unsuspecting world earlier this month, and the Changkaofeng incidents. If the "general" is a fake, as many believe he is after a scrutiny of the Munchausen-like story of his "escape," his appearance was not without its dark objective. If he is a real general, who fled from Russia in fear of a new Army purge, he must have supplied the Tokyo General Staff with information which might have possibly given the Japanese Army heart to attempt a Siberian escapade.

As in the previous explanation, this one presupposes Japan's eagerness to test her foe's mettle. Tokyo would undoubtedly give much to ascertain definitely the exact effect of Communist purges upon the military efficiency of the Russian Army. One way to secure such information would be through a little blood-letting on the border.

If this explanation is the correct one, Russia's failure to pick up the Japanese gauntlett will undoubtedly be interpreted by the Tokyo General Staff and the Kwantung Army as a confession of weakness and strengthen their conviction of the advisability of an incursion into Siberia and Outer Mongolia.

The "why's" and "wherefore's" of the border disputes will become apparent in the few weeks to come. The incidents may dissolve into nothingness, as did hundreds of other almost daily disputes in the past five years. They may, on the other hand, serve as a prelude to a major holocaust which will overshadow the current hostilities in this country. Whatever the outcome, the world will do well to keep its eyes glued on Moscow, Tokyo and the gun-fringed border between the Soviet Union, Manchuria and Korea.

British Mediation and the Question of British Policy in the Far East

A primary and fundamental element which one must always keep in mind in any consideration of British policy is the protection of British investments. British bondholders are so well organized that they can bring immediate pressure to bear on the government in the event of a crisis developing anywhere that is likely to adversely affect British investments. Often the matter of protecting the interests of bondholders is emphasized to the detriment of traders.

The statement has been made that the present Conservative Government in England wouldn't care who controlled China so long as the coupons on British bonds were honored. This statement probably originated in the developments immediately following the Mukden Incident on September 18, 1931 when the representative of British bondholders in the Peiping-Mukden Railway succeeded in inducing the Japanese to assume responsibility for paying the interest on the British loan to the railway—following which the British Government (Sir John Simon) promptly lost interest in what happened to Manchuria, or even British commercial interests in that important territory.

According to a recent discussion in the House of Commons, British capital in China, including investments by residents and institutions domiciled in the United Kingdom was estimated at £130,000,000 which is equivalent to about $650,000,000 in American currency or nearly four billion in Chinese money at present abnormal exchange. The nominal value of securities of companies which have investments in China which are listed on the London Stock Exchange amount to about £41,000,000. But this does not include a considerable amount of unquoted and private investments which bring the total to the larger figure mentioned in the foregoing.

These figures are obviously significant in any consideration of British policy or British reactions in connection with developments at Hankow. It is equally obvious that the Japanese are fully aware of the overemphasis that the British government places upon the protection of the interests of bondholders.

On July 9 the Tokyo *Nichi Nichi* stated that General Ugaki, Foreign Minister, had informed the British Ambassador, Sir Robert Craigie, that the Japanese army would respect the rights and interests of Britons in China. General Ugaki went further and informed the British Ambassador that the re-establishment of friendly relations between Japan and Britain was a fundamental element in Japan's present foreign policy. This statement when telegraphed to London was alleged to have elicited an expression of deep satisfaction from Lord Halifax, present British Foreign Secretary.

The *Nichi Nichi*, in commenting on the Ugaki-Craigie conversations said that the "exchange of assurances was considered comparable to the Hirota-Hull exchange of messages and was regarded as a favorable factor in regulating Anglo-Japanese relations hereafter."

But this report of sudden improvement in the relations of Japan and Britain, as reported in the *Nichi Nichi*, a responsible Tokyo newspaper, received a dramatic denouncement ten days later when *Domei* sent a message from Tokyo quoting the Foreign Office Spokesman as "categorically denying that goodwill messages had been exchanged between Gen. Kazushige Ugaki, Minister of Foreign Affairs and Lord Halifax, British Foreign Secretary. One wonders what happened!

The reported growing intimacy between Japan and Britain in recent weeks has been responsible for interesting reactions from various quarters. For example, *United Press* reported that the Japanese Army's Special Service Section at Peiping had been issuing almost daily reports alleging a significant change of attitude on the part of

the foreign powers toward China. The *Hsin Min Pao*, official Japanese army paper in Peiping, even went so far as to claim that the British government was changing its policy toward Generalissimo Chiang Kai-shek and that the British might even withdraw their support from the present National government "following the fall of Hankow."

The reports of alleged estrangement of the Hankow government and Britain all emanated from Tokyo but were significant in the light of other Japanese reports that the British Ambassador to China, Sir Archibald Clarke Kerr, had been instructed to mediate between China and Japan in the hope of bringing about peace "following Japan's occupation of Hankow."

According to a telegram from its correspondent in Hongkong, *Osaka Mainichi* on July 9 said the purpose of the British Ambassador's present trip to Hankow was to mediate in Sino-Japanese hostilities as preparation for the launching of an extensive British program for the development of China's Southwestern provinces. The dispatch stated that these provinces were within the British "sphere of influence."

It was quite plain that the Japanese were trying to create the impression that the time had come for the splitting of China at the Yangtse with Japan in control of the North and Britain in control of the South. In this connection the Japanese said there were extensive negotiations in progress at Hankow on the question of British loans to China at the present time. The Japanese report concluded with the statement that in the event Chinese negotiations for a British loan failed, then General Chiang Kai-Shek" was likely to leave his fate entirely to Russia, and that the Chinese government would be reorganized on Soviet lines."

In addition to these reports indicating a serious attempt on the part of the Japanese to establish friendly cooperative relations with Great Britain, there was a further report in the *Hochi Shimbun*, July 11 stating that the Japanese were planning an extensive readjustment of their diplomacy "after Hankow falls." It was expected that the fall of Hankow "would settle the fighting situation for a time," thus providing opportunity to Japan to readjust her diplomatic relations, primarily with Great Britain but also with the United States, France and Soviet Russia. In other words, the Japanese apparently had convinced themselves that their expected occupation of Hankow would provide an opportunity for negotiating favorable deals with other countries, particularly Great Britain, whose interests were larger than those of any other power.

Whether there was any connection between the Anglo-Japanese conversations in Tokyo and the declaration of Sir John Simon (now Chancellor of the Exchequer) that the British government would not approve of any loans to China, remains to be seen. On the surface it appeared that the British government was bringing pressure on China in connection with an alleged attempt at mediating the Sino-Japanese conflict.

The immediate flare-up in Hankow following Sir John Simon's announcement indicated there was little likelihood of China's acceptance of mediation at this time. A *Reuter* report from Hankow on July 18, said that all leading Chinese papers published editorials expressing deep resentment at Sir John Simon's statement. That Sir John Simon, the "villain" of the Manchurian negotiations should again appear in the role of an opponent of Chinese aspirations was unfortunate because all Chinese remember the tense days of the Manchurian negotiations when Simon refused to cooperate with Col. Henry Stimson, U. S. Secretary of State in bringing pressure on Japan. The Hankow papers called attention to the fact that Britain's refusal to assist China at this time may in the long run be highly prejudicial to Britain's own interests in China. The *Wuhan Daily News*, official Kuomintang organ, called attention to the fact that Britain had subscribed to the League resolution pledging assistance to China. This paper disclosed that China's intention was to use the loan for the purchase of air defense equipment. The Wuhan paper also printed a pointed reference to Britain's interests in China being greater than those of any other foreign country and that these interests were certain to be jeopardized if China were conquered by Japan.

But to revert to the conversations between General Ugaki and Sir Robert Craigie, it appeared that Britain was attempting to protect her investments by making an advance arrangement with the Japanese "prior to the occupation of Hankow by the Japanese army."

These developments in Anglo-Japanese-Chinese politics naturally revolve around the question of protecting Britain investments and as such constitute a definite phase of British policy under the Neville Chamberlain Government.

An interesting discussion of British policy, published in the new American magazine *Ken* (June 16th) said that the Tory party "had gone pacifist because of the feeling in England that this was the only way to protect private property and, concurrently the interests of the ruling group in English society." The Chamberlain government had "gone over to the Fascists" because the Fascists make a pretence at protection of private property while the other side, represented by the Labor party in domestic British politics, favors governmental ownership of the sources of production.

While the Tory party has no love for either Hitler or Mussolini, its leaders do not want to see either of them beaten for that would mean revolution in Italy which might spread to France and from France to Britain. Such a revolution would endanger private property. Therefore to the ruling men of England it seemed that the simplest way to preserve private property in England was to keep on good terms with the continental dictators. It was therefore a simple matter to sacrifice Haille Selassie and his Ethiopian empire to Italy and equally easy to sacrifice Austria and also possibly Czechoslovakia to Hitler. According to the writer in *Ken* magazine, the Conservatives of the Chamberlain school would make far reaching concessions to keep both Mussolini and Hitler in power. While they dislike both for many reasons, they dislike European revolutions still more. They see quite clearly that if the Fascist dictators should vanish they would be succeeded by a collectivism which would frontally attack private property and so encourage radicalism at home. The fact that Fascism has been practically as severe in curtailing the freedom of private property is realized but between the two the Chamberlain group would accept Fascism in preference to social democracy.

These developments in British policy in Europe are of obvious value in attempting to appraise British policy in the Far East. Gen. Ugaki's declaration that Japan "would protect British interests in China," was of tremendous significance in the light of recent developments in Europe. In other words, while Great Britain has many reasons for disliking Japan, it is likely that the Conservative Party leaders would prefer Japanese domination to radical Chinese nationalism flavored with Soviet communism as prevailed in the early days of the Nationalist movement at Canton and Hankow in 1926 and 1927.

Public opinion in Great Britain is overwhelmingly on China's side and would prefer a Chinese victory, but public opinion and Tory politics are two different things, particularly when the element of protecting British investments becomes the fundamental issue.

JAPANESE JINGOES WANT CONTROL OF SHANGHAI

THE growing seriousness of political and economic developments in Japan resulting from the war in China, threatened war with Russia, rapidly mounting bitterness in the relations of Japan and the United States and France have caused a curious outburst of chauvanistic sentiment in Japan.

Of the various manifestations of jingoism, that of Dr. Ken-ichi Abe, financial and economic editor of the *Osaka Mainichi* was most significant. Dr. Abe just returned to Osaka from a tour of investigation in China, and, in accordance with established custom, wrote his impressions. He declared that Japan could never hope to become the leader of China until the Nipponese had "destroyed the headquarters of international imperialistic exploitation and taken complete control of Shanghai."

Only in this way could Japan obtain a complete grip—politically and economically—upon China, he declared. If Japan succeeded in this ambitious program, she would ultimately win the admiration of the Chinese people. Dr. Abe concluded his first article with a warning that this is no time for the Japanese to become elated over war victories. Also, the Japanese should not deal with China in the manner of a blood-sucker, but should assume the position of a "creative director."

In another article, Dr. Abe declared that the much-discussed "downfall of the Chiang Regime," did not constitute Japan's final aim in the China Emergency. Japan must direct the political and economic reconstruction of China. He claimed that most of the Chinese he met on his tour had urged that young Japanese capable of instructing the Chinese on various matters should be sent to China. They were needed not only in agriculture, but in the industrial, engineering and railway circles.

He was deeply gratified to discover that the guiding policy of the Chinese administration headed by Wang Keh-min in Peiping, "was based on the analects of Confucius.

Next in interest to the declarations of Dr. Abe, was a "denial" issued by Akira Kazami, secretary general of the Tokyo Cabinet, that Japan intended to appoint a "Governor-General" in China. He said that Japan's sole purpose was to "overthrow the Chiang Kai-shek regime and to assist in the development of a new anti-communist administration. Only in this way could Sino-Japanese cooperation be established, he asserted.

Then there was a declaration by the emasculated Proletarian Social Masses Party, to the general effect that Japan "must renew its grim determination to carry on the crusade in China to a successful conclusion."

A new political group in Japan styling itself the Tohokai Party attracted considerable attention by issuing a manifesto on the over-worked proposition that "the only way to bring about peace lies in eradicating anti-Japanese influence by stopping foreign assistance to Gen. Chiang Kai-shek." Recent rumors of intervention by foreign powers to bring about peace, were attributed to "sinister efforts to check Japan's influence and nullify her military successes."

The long discarded "Tao" (Circuit or prefecture) system has been revived by the Nanking "Renovation" Government which has divided Japanese occupied territory in parts of Chekiang, Kiangsu and Anhwei into a number of administrative, political and judicial districts. Each "Tao" is to be sub-divided into a number of Hsien districts.

Nyi Tao-heng, new puppet governor of Anhwei, was reported to be visiting in Shanghai, interviewing leading Japanese officials. A native of Fuyang, Anhwei, Nyi is 59 years old. He held a number of posts under both the Manchu regime and the former Peking Government.

The Nanking "Renovation" Government lodged its first protest with the Shanghai Municipal Council against the alleged detention by Municipal Police of one Lu Keng-chuan, a member of Nanking's Foreign Office. Lu was arrested and searched by the Police on July 14 while walking on Nanking Road. Nanking demanded punishment of the policemen responsible for Lu's detention and assurances that there would be "no repetition of such an insulting and disgraceful incident."

A school for the training of police officers may soon be opened in Shanghai by the Nanking administration, *Domei* reported. The institution would be under direct control of the Interior Ministry. The purpose of the school would be to increase the efficiency of police forces in areas under Japanese military occupation. Fifty four Chinese women were recently recruited by the Pootung "Ta Tao" administration to join its police force. They were distributed as follows: four are detectives, four guards in the Police Bureau Jail; 14 stationed in Pootung, 2 in Yangssu, one in Nantao, 8 in Chapei, 6 in Kaochiao and 15 in west Shanghai.

Masayuki Tani, Japanese Minister-At-Large, returned to Shanghai from Tokyo, where he conferred with officials of the Foreign Office. Other Japanese leaders arriving at Shanghai included Mitsu Kohno, M.P. and member of the Social Masses Party; I. Morita, manager of Shanghai of the Hsing Chung Kungssu; E. Suzuki, of the All Japan Labor Federation.

Despite the Anglo-Japanese understanding regarding the Shanghai Custom House, Nanking has not been able to change completely the status of the Customs. Repeatedly Nanking has ordered flying the Five-Barred Flag at the Customs building, but the order has been ignored. The National Flag is still flying over the Customs building.

The new regime set up by the Japanese at Hangchow headed by Wong Sui-kai, puppet Governor of Chekiang, has expanded its organization. Under Feng Kuo-hsun, secretary-general of the provincial administration will be created four departments which will handle respectively the General Affairs, Civil Affairs, Financial Affairs, and Reconstruction and Educational Affairs.

To raise money for the maintenance of its various departments, Hangchow has resumed collection of license fees on rickshas, bicycles, ammusement houses, tea-shops and boats.

Beginning from August 1, the Hangchow city administration will start collection of a tax on shop buildings and residences. The rate for shop buildings will be 15 per cent of the monthly rental and that for residences, 10 per cent. Streets in Hangchow will be lighted again in the near future after necessary repairs having been made to the Power Station.

With one Lo Tse-ching as its director, the Hangchow branch of the Kiangsu, Chekiang and Anhwei Tax Bureau has been opened at the Chekiang capital. All taxes in Chekiang, such as the consolidated tax and the tax on wine and tobacco, will be collected by the Bureau's branch at Hangchow.

A mutual guarantee system will soon be enforced in Hangchow by the Japanese. According to its regulations, the heads of six households will act as sureties for each other's good behavior. A new census will be taken before enforcement of the system.

A new jail has been opened in Hangchow with Van Zung-shih as its superintendent. It was claimed that since the formation of the puppet provincial government, more than 600 sentences have been handed down.

Wang Shou-shan, former Chinese Consul-General at Kobe, who "went over" to the Peiping regime, arrived (July 17) at Kobe as Peiping's representative to open a provisional office to supervise the affairs of Chinese residents. The new organ will be housed in the former Chinese Consulate-General, according to *Domei*.

Takeo Tanak, a former director of Police Department of Korea, has been named vice-director of the supervision board of the so-called *Hsin Min Hui* (Ne

People's Party), pro-Japanese Chinese propaganda organ. The board will supervise the activities of various branches of the Society and collect information.

Japanese reports alleged that Fukien was practically independent of Gen. Chiang Kai-shek. It was stated that Gen. Chiang recently ordered Gen. Chen Yi, Chairman of Fukien, who lost Amoy, to hasten to Hankow, but the latter disobeyed the order. Consequently, relations between the two generals became estranged.

The Hongkong correspondent of the Tokyo *Nichi Nichi* was responsible for the rumor that an anti-Chiang movement was under way among leaders of the so-called southwestern faction in China. Leaders of the movement allegedly included Gens. Li Chi-sen, Chen Chi-tang, Tsai Ting-kai and Tang Sheng-chi.

The Chinese Communist Party is summoning Chinese Communist leaders throughout the country for an important conference to be held at Yenan, Shensi, on August 1, according to a report in *Shanghai Nippo*. Topics on the agenda are reported to be activities of Communists in the Japanese occupied area, unification of the lower stratum of the Communist party and attraction of influential persons to the party, strengthening of relations with France and Soviet Russia, and guidance of Chinese troops by the Communist party.

The *Asahi Shimbun* reported that the National Government would be transferred to Chungking, and not to Kunming, in the event that Hankow should fall to the Japanese.

Gen. Chiang Kai-shek in an interview with the correspondent of the *Hongkong Telegraph* said,

> "The Japanese will make it a point of honor with them to capture Hankow. We are resolved to defend these positions as much as we can but we may make a strategic retreat from Hankow. In such a case the capture of Hankow will not mean victory for the Japanese. The longer the battle-line is extended the more must the Japanese expend in man power, money and time. Any retreat from Hankow by the Chinese will only lengthen out the Japanese lines and make operations difficult."

Denying the rumor of British Ambassador Kerr having proposed peace arbitration between China and Japan at Hankow, the Generalissimo said:

> "We cannot accept any proposal for arbitration unless it is calculated to restore the territorial integrity of China, whether it be made by Britain or any other country. China accepts peace only with honor. China is now politically united and the determination of the people has been strengthened to resist the aggression of Japan to the last."

Sir Archibald Clark Kerr was received (July 10) by General Chiang Kai-shek, with whom he held a lengthy conversation. Sir Archibald also called on Dr. H. H. Kung, President of the Executive Yuan.

"Morally speaking, Japan's invasion of China has already failed," General Chiang declared in an interview with Edgar Snow, correspondent of the London *Daily Herald*. Hankow's defences are strong enough to withstand any Japanese attacks, General Chiang said. However, even if Hankow should fall into the hands of the enemy, the general situation would not be affected. China is waging a revolutionary war of self-defence, General Chiang added. The temporary loss of a few cities is of no importance. "In the course of our prolonged resistance, wherever we go, there will be the seat of the Chinese Government and the centre of Chinese resistance," General Chiang said.

Despite repeated Japanese air raids, the Chinese Government still stands, he added.

General Chiang denied rumours that he was dissatisfied with the activities of Chinese guerilla units. He said that the rear of the enemy will soon become the front. In the near future, he added, the four Northeastern Provinces and Korea will become battle-fields.

General Chiang expressed particular satisfaction with the military achievements of the 8th Route Army, under General Chu Te, the Communist leader. The Military movements of the 8th Route Army, General Chiang added, are in close conformity with the orders of the Central Government.

A Week's Work for China's Guerillas

BY PETER SOUTH

GUERILLAS!

A word that strikes fear to the heart of the Japanese soldier on solitary sentry duty; to small detachments of the Mikado's Warriors left to guard a small town or village after the army has moved on to further conquests; to marching columns of Nipponese soldiers along lonely roads; to those who drive trucks loaded with food supplies and ammunition from city to city in Japanese-occupied territory; to the engineers and communications corps who must repair time and again bridges wrecked, telegraph wires cut.

Guerilla is an ugly word to Japan's Army. It means, and has meant defeat after defeat to Nippon's troops. It means that no matter how much territory Japan conquers, she cannot consolidate it, cannot maintain peace and order; and to those troops she leave behind, it is as likely as not to mean death. It means that the puppet governments Japan sets up function with authority only so far as the boundary lines extend in the city in which they live; and even then, they are daily fearing for their lives.

Guerillas, mobile units, or the "hornets of China," call them what you will, they have become one of China's most effective fighting weapons. Japan, at the opening of hostilities last year, saw a three-months war in which China would be subdued. But, at that time, Japan had not reckoned with China's guerillas. She did not know that as she advanced deeper and deeper into Chinese territory her rear would be constantly exposed to attack from ambush; that as fast as she laid down her communication lines they would be cut; that when she found it necessary to retreat (as she has found many a time) that her retreat would be cut off by guerillas.

Japan Can Blame Guerillas

If Japan feels like blaming any one thing (outside of her own blunders) for this prolonged war on China soil, she can shudder and point a finger at China's guerillas. For this prolonged war is absorbing her reserve strength, forcing her people into poverty and poising the entire nation on the brink of an economic collapse.

Much of the guerillas' tactics have been learned from the former Red Army which became the 8th Route Army of the 18th Army Corps. In the days of civil strife, the mobile bands learned to strike swiftly from the hills, and return as swiftly with nary a trace of whence they came or where they had gone. They became experts in mobile warfare and guerilla tactics.

This knowledge has been handed down to other roving bands of soldiers, some well-equipped, others armed with swords, clubs and what guns they can take away from the Japanese. As an army for positional warfare, they are practically useless, and, naturally, make no attempt to fight such a war. But they are decidedly effective in harrassing the Japanese to the point where each soldier is fit for an asylum.

Their education of the villager, the farmer in the manner of resistance against Japan is also a contributing factor in the constant annoyance of the Japanese. Villagers have been taught to take all food, poison wells

and destroy all facilities which might be used by the invaders when they enter a town. And they have been taught to pick off unwary Japanese soldiers and block entry of supplies.

General Chiang Kai-shek is proud of these troops who constantly sting the unprotected posteriors of Japanese armies. He told Edgar Snow, author and correspondent for the *London Daily Herald*, in an interview at Hankow, July 18, that the rear of the Japanese will soon become the front. And in the future, he said, the four Northeastern Provinces and Korea will become battlefields. Chiang also was enthusiastic over the military achievements of the 8th Route Army, under General Chu Te, Communist leader. The generalissimo said the movements of the 8th Route Army are in close conformity with the orders of the Central Government.

Shanghai Hears Fighting

Guerillas are active throughout the length and breadth of territory occupied by Japanese. After an absence for some time in the Shanghai area, they began to make their appearance in heavier forces some two months ago. Now clashes with Japanese troop are frequent occurences.

Chinese guerilla forces operating on the Shanghai-Hangchow and Nanking-Shanghai Railways are now under the directions of the Military Affairs Commission, Chinese report. These mobile units are stated to have been recently reorganized by the central military authorities, whose strategy is now centered on both guerilla and positional warfare in order to harass and exhaust the enemy.

Lull was reported at Nanchiao in Pootung during the past week, but the situation there remains tense as both Japanese and Chinese mobile forces are facing each other at Hsiashachen between Choupu and Sinchang and a clash may break out at any moment. The guerillas operating at the Shanghai, Chuensha and Nanwei Districts in the Pootung Peninsula are said to be under the command of Li Chih-min, Ting Hsi-shan and Yu Tao-sheng. They are prepared for a major operation against the Japanese shortly.

In view of the increasing activities of Chinese guerillas in the surrounding areas of Shanghai, strict precautions are being taken by the Japanese at Nantao. The once prosperous old Chinese town is a dead city, as traffic on some main thoroughfares have been interrupted. Regarding current reports that the gates which separate the French Concession and the city of Nantao will be thrown open shortly, it is learned from the responsible quarters that such a matter has not yet been decided. Guerilla warfare is also reported to have broken out in the vicinity of Tsinpu. The Japanese are said to have taken precautionary measures there.

Rail Traffic Disrupted

Traffic on the Changchow-Kintang Highway has been disrupted due to destruction by Chinese mobile units which are stated to be attacking the Japanese at Chulinchen near Kintang and Hsikangchen, 25 li from Hsihsiang. Japanese reinforcements are being sent to check the advance of the guerillas from Tanyang on the Nanking-Shanghai Railway.

Driving westward from the Taihu area, a Chinese mobile column launched a surprise attack on the Japanese at Nansiang, about 10 miles west of Shanghai, on the night of July 13.

Following is an account of the activity of guerillas over a period of one week, the reports on which have emanated from various Chinese sources:

July 13.—Chinese guerilla forces operating in eastern Hopei have extended their activities to Luanhsien and serious clashes have broken out at areas between Lenkou and the Luan River. Chinese mobile units are reported to be active in surrounding areas of Tientsin. A small Japanese unit composed of some 45 men was disarmed by the guerillas just two days in the western suburbs of the city and two truckloads of military supplies were seized.

July 13.—Chinese guerillas are extremely active along the Kiaochi Railway in Shantung. Over 10 kilometers of rails between Kaomi and Tzelanchuan stations were removed by these guerillas on July 9. A number of small bridges have also been destroyed.

July 13.—All officials of the puppet "Reformed Government" who went to Nanking under the special protection of the Japanese troops last month have returned to Shanghai, according to well-informed circles. These officials refused to stay in Nanking and returned to Shanghai immediately after the inauguration of the "Government" because of the presence of guerillas in the area. In Shanghai, they had their offices first at the New Asia Hotel and later moved to the Kiangwan Civic Center. In the latter part of June, they were asked to move back to Nanking when the Civic Center was converted into a military base. In view of the activities of the guerillas around Nanking in the past few days, these officials hurriedly returned here again. It is reported that only Jen Yuan-tao, Minister of Pacification Affairs of the "Reformed Government" is now staying in Nanking.

July 13.—Operating along the Northern Section of the Tientsin-Pukow Railway, Chinese guerillas made a surprise attack on the Japanese garrison in Pingyuan city. Besides killing more than 20 Japanese soldiers, the Chinese set fire to the railway station and destroyed several sections of the rail tracks. Pingyuan is 52 miles north of Tsinan, provincial capital of Shantung, and 20 miles south of Tehchow, in northern Shantung.

THE PUP AND THE DINOSAUR BONE

Orr, in Chicago Tribune

July 13.—A surprise attack on the Soochow-Kashing Railway was made by Chinese guerillas. Several sections of railway tracks and two bridges were destroyed. The Chinese withdrew to their original positions upon the arrival of Japanese reinforcements.

July 13.—Operating along the Peiping-Mentowkow branch of the Pei ping-Suiyuan Railway, a detachment of the 8th Route Army under General Chu Te launched several attacks on the Japanese garrisns at Mentowkow, Langshan and Kwokaita, west of Chiang-shan, west of Peiping, last week, a delayed message from the front reports. Sanguinary fighting raged from morning till night. A locomotive was disabled and 37 rifles seized at the Langshan railway station. More than 30 Japanese were taken prisoners. Assisted by four airplanes, a combined Japanese infantry and artillery detachment rushed westwards from Peiping in an attempt to relieve the Japanese garrisons. Repeatedly attacked by the Chinese, the Japanese were routed and forced to retreat eastwards, leaving behind 160 killed. Railway tracks and telegraph and telephone wires were destroyed.

July 14.—Lying in ambush on the Chapu-Pinghu Highway, in north-eastern Chekiang, Chinese guerillas launched a surprise attack on a convoy of Japanese motor-trucks. One of the Japanese trucks was destroyed by hand grenades. More than 60 Japanese soldiers were killed. Guerillas repulsed a Japanese attack at Shenkiakiao near Siashih, in northern Chekiang.

July 14.—Moving southwards from Wusih and Changchow and along the Tai Hu (lake), Chinese guerillas have reached Hingwang, on the Soochow-Kashing Railway, in southern Kiangsu, and

have established contact with those operating in the Haiyen sector, in northern Chekiang. The guerillas are reported to be nearing Kashing, the junction of the Shanghai-Hangchow and Soochow-Kashing Railways, in northern Chekiang. Japanese reinforcements have been rushed to Soochow and Kashing.

July 14.—Namoa, island off Swatow, in eastern Kwangtung, has been recaptured by Chinese guerillas. Crossing over from Swatow, the guerillas under Major Hung Chih-cheng landed at Namoa and launched a surprise attack and inflicted heavy casualties on the Japanese garrison at Namoa. On learning of the arrival of Chinese troops, the inhabitants of Namoa rose and joined in the attack on the Japanese with all available weapons—swords, spears, clubs and stones. Assisted by airplanes, the Japanese fought desperately. After a sharp encounter, the Chinese succeeded in routing the Japanese and recapturing the city of Namoa. All puppet officials were arrested and executed. A large quantity of ammunition was captured. The Chinese are rounding up the remnant Japanese who have retreated to the hilly regions.

July 15.—In a counter-attack on the Japanese garrison at Potzepo, south of Tai-an, 45 miles south of Tsinan, provincial capital of Shantung, Chinese guerillas wrecked a large bridge of the Tientsin-Pukow Railway near Chukiapu, south of Tai-an. Train service on the Tientsin-Pukow Railway has again been disrupted.

July 16.—In a counter-attack in the Nanking sector, Chinese guerillas recaptured Tsaishihtze, 18 miles south-west of Nanking, on the Kiangsu-Anhwei border, after severe fighting. The remnant Japanese fled to Tangtu, 25 miles south-west of Nanking. Simultaneously, another band of guerillas occupied Niushowshan (Ox Head Mountain), 13 miles west of Nanking, thereby directly menacing the Nanking-Wuhu Railway.

July 16.—Successful counter-attacks have been launched by Chinese guerillas in the Hangchow-Kashing-Wuhing (Huchow) sector, in northern Chekiang, in the past three days. Large numbers of Japanese troops have been killed in action. The guerillas have also captured three field guns and a quantity of munitions and supplies.

July 17.—Operating in the Peiping-Tientsin area, Chinese guerillas recaptured Ningho, east of Tientsin, on July 13, and Paoti, about 50 miles south-east of Peiping, on July 14. The puppet magistrates and their Japanese supervisors were arrested and executed by the guerillas. A band of guerillas has advanced as far as Siaowangchwang, in the outskirts of Tsientin.

July 17.—A delayed message from the front states that several sections of the Peiping-Hankow Railway tracks north of Paoting, provincial capital of Hopei, was destroyed by Chinese guerillas a week ago. A railway bridge spanning the Tsao River was also dynamited.

July 18.—Yenmenkwan, strategic pass at the inner loop of the Great Wall, in northern Shansi, was recaptured by Chinese guerilla as a result of a surprise attack. The Japanese were forced to retreat to Holutsun. Kalgan, provincial capital of Charhar, has been encircled by Chinese guerillas from four directions. The guerillas reached the outskirts of Kalgan but withdrew upon the arrival of heavy reinforcements for the Japanese.

July 18.—In addition to Taikang and Chenliu, in eastern Honan, Chinese troops have recaptured the city of Luyi, in eastern Honan, near the Anhwei border. The remnant Japanese troops were forced to retreat eastwards to Pohsien, in north-western Anhwei with the Chinese in close pursuit. The city of Kaifeng, provincial capital of Honan, has been surrounded by the flood waters of the Yellow River. The dyke safeguarding the northern part of the city has been breached.

July 18. Operating along the Hopei-Shansi border, Chinese guerillas launched a furious attack on Ihsien, north-western Hopei, on July 16 and succeeded in entering the city after fierce fighting. Chinese troops have also occupied the Ihsien railway station while another Chinese column has taken Mentengshan. The Chinese destroyed the railway tracks near Shihlipu in order to prevent the arrival of Japanese reinforcements. Severe fighting raged in the Erhshihlipu-Laishui sector. Guerillas have besieged the city of Kwangling, in north-eastern Shansi, and occupied three sides of the city. Nuanchwan and Nanping, two important villages near Kwangling, have also been recaptured by the Chinese. Pingshan, in western Hopei, was recaptured by guerillas July 15. In a counter-attack on Paoting, provincial capital of Hopei, the guerillas occupied the western outskirts of the city, and also destroyed the Peiping-Hankow Railway tracks and bridges south-west of Paoting. Owing to the widespread destruction of railway tracks by the guerillas, a Japanese armored train was derailed on Friday between Yukiachwang and Fangshunkiao, near Tinghsien district, in western Hopei.

July 19.—In a counter-attack on Tsining (Pingtichuan), on the Peiping-Suiyuan Railway, in eastern Suiyuan, Chinese guerillas killed more than ten Japanese soldiers and captured a quantity of military supplies, according to a military dispatch from the front. Severe fighting also occurred west of Paotow, the western terminus of the Peiping-Suiyuan Railway.

July 19.—A surprise attack on the Japanese garrison at Shihwanchen, 7 miles north of Tsungteh, in northern Chekiang, was launched by Chinese guerillas July 17. After a fierce encounter, the Japanese were driven off with heavy casualties.

17 Japanese Suffering from Cholera

Seventeen Japanese residents of Shanghai are suffering from cholera, data compiled by the epidemic prevention commissioner's office of the Japanese Ministry of Public Welfare in Shanghai revealed this week. According to this data, covering the period of Jan. 1 to July 2, the number of patients and their mortality was as follows:

Cases	*Chinese*	*Foreigners*	*Japanese*
Cholera	632	5	1
Dysentery	889	49	17
Typhoid Fever	2,342	80	52
Paratyphus	35	5	6
Smallpox	59	6	
Eruptive Typhus	912	29	1
Scarlet Fever	520	55	15
Dyphtheria	910	65	2
Cerebral Meningitis	575	11	2

Mortality	*Chinese*	*Foreigner*	*Japanese*
Cholera	269	1	0
Dysentery	412	5	2
Typhoid Fever	804	11	4
Paratyphus	8	0	0
Small Pox	13	0	0
Eruptive Typhus	145	4	1
Scarlet Fever	47	4	1
Dyphtheria	208	2	0
Cerebral Meningitis	216	4	2

Japanese suffering at present from various contagious diseases was given as follows:

Cholera	17
Dysentery	39
Typhoid Fever	2
Paratyphus	0
Small Pox	0
Eruptive Typhus	0
Scarlet Fever	8
Dyphtheria	1
Cerebral Meningitis	0

Council Threatens Expulsion for Fire-Arms Carriers

Any person found in the International Settlement in possession of arms or explosives without a permit from the Settlement authorities, or engaged in or connected with terrorist activities, will be liable to be expelled from the Settlement, the Shanghai Municipal Council announced July 18 in a proclamation. The new warning, signed by Mr. T. W. Gubb, acting Secretary, further strengthened the emergency power accorded by the Council to its police force in a proclamation posted on January 1 this year.

The latest proclamation, printed in Chinese and English, was posted throughout the Settlement on the same day. Advertisemnet containing the text of the notice appeared in July 19th foreign, Chinese and Japanese papers;

The text of the proclamation reads:

Whereas, despite the warnings and penalties prescribed in the Emergency Proclamation of January 1, 1938, a period of grave emergency still continues to exist; whereas, also, armed outrages continue to occur on an aggravated scale in the International Settlement; whereas, accordingly, it appears necessary to the Shanghai Municipal Council to accord to the Municipal Police wider emergeeny powers, in furtherance of its firm resolve to suppress these armed outrages.

It is hereby proclaimed:—

1. That any person committing an offense against armed forces in the International Settlement will be liable to be handed over to the armed forces concerned;

2. That any person committing armed crime in the International Settlement will be refused the sanctuary of the Settlement and will be liable to expulsion therefrom;

3. That the Municipal Police are authorized to search all premises, public or private, for unauthorized arms;

4. That a reward not exceeding $5,000 will be paid to any person giving information that leads to the apprehension of terrorists;

5. That a substantial reward will be paid to any person giving information that leads to the seizure of unauthorized arms;

6. That any person found in the International Settlement in possession of arms or explosives without a permit from the Settlement authorities, or engaged in or connected with terrorist activities, will be liable to be expelled from the Settlement.

Japanese Population Grows 972,835 in Year

Japan's population increased 972,835 in 1937, the Bureau of Statistics of the Cabinet announced this week. Births totalled 2,180,734 against 1,207,899 deaths.

Japan's Bombers Active on South and Central Fronts

THIS week, China war news centered around intensive bombing operations by Japanese aircraft, while land forces along the southern bank of the Yangtsze saw little activity until July 19 when severe fighting broke out in the Pengtseh area and Yanchiawang, at the neck of Poyang Lake, when a flotilla of 46 Japanese warships attempted to land troops. Chinese shore batteries, however, are said to have forced the warships to retire.

Bombing occupied the spotlight. In the most extensive air raid ever witnessed in Hankow, 27 Japanese bombers, escorted by pursuit planes, carried out three separate raids on Hankow, Wuchang and Hanyang on July 19, *Reuters* reported. The casualty figures from three different sources differ considerably, the Chinese official Central News Agency estimating 1,150 persons killed and wounded, the Garrison Headquarters only 476, and an independent conservative check-up 800.

Heartrending scenes were witnessed in Hanyang, the poorest of the three cities, after the raid. One colony of 50 straw-thatched huts was entirely wiped out by two incendiray bombs. More than 60 bombs landed in Wuchang. One of these dropped on a widows' home, killing four inmates outright. Six bombers first dropped scores of bombs on Hanyang, where a huge fire was started. Shortly afterwrads, eighteen others, in two separate flights, made for the Hankow Airdrome, which they began to bomb.

Three bombs fell wide of the airdrome, one scoring a direct hit, and setting on fire a Chinese theater used as an air defense shelter, where 500 people were taking refuge. It was feared that many out of this number were burned to death. Two other bombs landed in the poor peoples' quarter, where six were known to have been killed.

In addition to bombing the airdrome, nine Japanese pursuit planes power-dived over the airfield, sweeping the ground and buildings with heavy machine-gun fire. When the raid was completed, three more bombers attacked the railway station at Wuchang.

South China Is Target

Japanese also continued bombing operations in South China, Canton being raided several times, inflicting death and injuries to more than 50 persons. Bombers also attacked the Canton-Hankow railway, although slight damage was reported. At Canton, the railway head at Wongsha and the cement works at Saichuen were Japan's main targets. Planes flew over Swatow, but no bombs were dropped.

The most amazing of all air raids was reported by the Japanese. It was staged, they said, at Nanchang on July 18, and it was, they assured the press, the "most daring attack in the annals of war aviation." They said their naval bombers landed in the center of the new airdrome at Nanchang, Kiangsi, in order to permit their crews to run around the field and set fire to five grounded Chinese planes with matches. This was officially announced in a communique issued July 18 by the command of the Japanese China Seas Fleet. All the Japanese machines participating in the daredevil stunt were claimed to have returned to their respective bases safely.

In addition to setting on fire grounded Chinese machines, the bombers' crews were credited with having chased a gasoline supply truck with their pistols forcing it into an adjoining rice field; seized two machine-gun magazines from the doomed Chinese planes as war booty and visited vacant hangars. The communique simultaneously announced the death of Lieut. Mochifumi Nango, Japanese veteran of countless encounters, whose machine was wrecked when hit by a falling Chinese fighter in flames. The ill-fated Chinese machine had been hit by Lieut. Nango's machine guns.

War at Stalemate

While Japan claimed that eight Chinese combat planes and two bombing planes were shot down in an intensive aerial combat above Hankow on July 16, Chinese said they damaged eight Japanese warships when they bombed ship concentrations below Kiukiang July 18.

But the week showed little change in the fortunes of war. While the Chinese laid claim to a slight advance in the Pengtseh area, the Japanese had little to say regarding the position of their land forces. However, despite General Chiang Kai-shek's strong confidence that Hankow will not fall to the Japanese, the city this week prepared for a possible Chinese withdrawal. The average Hankow citizen was beginning to shows signs that he thought Hankow's fall was inevitable.

One thing, however, seems certain: it is that the Chinese will put a determined fight for the city. Already large numbers of well-equipped troops are taking up positions, both on the north and south bank of the Yangtze and in the Nanchang sector.

THE BOMBING OF CANTON

This picture, released by the Tokyo Navy Office on June 26, was headed, "Navy Wild Eagles Brave Chinese High-Angle Guns to raid Canton."

WHY THE JAPANESE HAVE FAILED TO CONQUER SHANSI

Japan's attempt to conquer Shansi probably has been more costly to the Nipponese warlords than any other phase of her campaign of aggression due to the thoroughness of the Chinese system of arousing the people to the perils of Japanese control.

Opinions differ regarding the probable direction of the main Japanese offensive, there being three alternatives:

1. Straight drive upriver from Kiukiang.
2. An encircling movement north of the river.
3. A drive south to Nanchang and thence to a point on the railway between Hankow and Changsha.

It is pointed out that, although the shortest in distance, a direct approach upriver from Kiukiang is very difficult owing to effective daily bombing raids by Chinese aircraft. Independent reports confirm a definite serios of successes for the Chinese air force against Japanese ships in the Yangtsze.

Foreign residents, who total about 1200, realize that they may have a grim period before them, followed possibly by months of isolation from the outside world. Stocks of imported supplies are being accumulated at a time when the prices of such supplies have doubled.

Two Protection Schemes

Two parallel schemes are under way for the protection of foreign property and Chinese and foreign civilians should hostilities extend here. Under the first of these, the ex-British Concession, known as Special Adminkistrative District No. 3, is being separated from the adjoining areas by concrete posts and strong iron gates which are now nearing completion.

It is a generally accepted belief locally, although the British naval authorities are reticent, that these gates will be manned by British bluejackets to protect this district from becoming involved in hostilities if the occasion arises. In this event British sailors would be landed from gunboats and reinforced by a certain number of sailors from Hongkong, although this again lacks official British confirmation. If these steps are taken, they would be a purely temporary measure for the protection of British property.

The second scheme under discussion is a safety zone proposed and sponsored by an international committee consisting of foreign missionaries and businessmen. This would involve other ex-Concession areas plus specified zones adjacent to these areas. It is believed that the total number of Chinese refugees to be accommodated in these safety zones would be about 400,000, possibly more.

The scheme, for its successful adoption, necessitates the agreement of the Chinese authorities to remove all military establishments from the areas described as safety zones and the cease of their use for the transit and stationing of troops. The Chinese authorities are being informally approached by the committee to this end.

Japanese Urged to Get S.M.C. Permits

Japanese consular police authorities are urging Japanese residents in the Settlement to observe the regulations of the S.M.C. regarding management of shops, hotels and stalls, driving of motor cars breeding of dogs and other activities, in accordance with Article 34 of the Land Charter, the Japanese daily *Mainichi* reported July 19.

The police authorities issued statements that Japanese residents in the Settlement should carry out necessary procedures quickly in addition to filing applications with the consular police. They urged Japanese to send applications to the S.M.C. for licences for motor cars and bicycles which are used for private or business purposes. This announcement was made by the consular police in the belief that there still are persons not familiar with the situation in Shanghai who have neglected to observe the S.M.C. regulations, because of the hostilities, the paper said.

Puppets Block Construction of Refugee Camps

The question arising out of the failure of the Shanghai International Red Cross to obtain permission to build three new refugee camps on extra-Settlement road areas was again brought to the attention of the public July 19 when the Japanese embassy spokesman corrected a press report which stated that the Nanking "Reformed Government" was dealing with the issue.

He pointed out that the Chinese agency dealing with the matter was the "Municipal Government Administration of Shanghai" and not the Nanking regime. The "Municipal Government" administration, he said, had found that the plans of the International Red Cross to operate camps east of the railway were in conflict with its "schemes of city planning." However, it was willing to extend to the Red Cross facilities for the establishment of camps west of the railway.

Foreigners here failed to ascertain the nature of the "city planning" which the local regime is stated to be preparing to put into effect in the Great Western Road, Tunsin Road and Avenue Haig area where the three S.I.R.C. camps were originally planned to be located. Areas adjacent to the projected camp sites are at the present time being used for coffin-storage purposes, while a number of houses in the districts in the general vicinity of the sites picked out by the International Red Cross are known to be used as gambling dens.

A spokesman of the S.I.R.C. pointed out on July 19 that his organization is not in a position to accpet the offer for building camps west of the railway unless these offers are accompanied by permission for absolutely unrestricted access to the area. It is impossible to feed, clothe, and give medical care to a large numbers of refugees when the relief authorities can have no assurance that delivery of supplies and entrance of adminkistrative officials will not be blocked, the spokesman stated.

The S.I.R.C. ,in an effort to accommodatd 25,000 refugees who were due for eviction from private properties which they occupy, started construction of three camps in the early part of June. The construction work, however, was stopped by the Japanese authorities on the ground that no previous permission had been secured from them. They pointed out that the camps were to be located in the outside road area—a district over which they claim jurisdiction. Following several talks between the S.I.R.C. officials and the Japanese authorities, the construction work was finally abandoned.

China's Foodstuffs to Last One Year

According to Chinese circles, the National Government and the provincial governments in the interior have stored sufficient foodstuffs to last one year. Definite measures have been taken by the authorities to prohibit the export of foodstuffs and to adjust the supply and demand of foodstuffs in the interior provinces.

It is reported that large quantities of rice have been purchased by the Government from Wenchow, Taichow and Foochow in the past few months. Furthermore, a good harvest is expected this year in the interior. The Government is confident over the supply of foodstuffs to the people and troops during the protracted campaign of armed resistance.

Monopoly! Japan's Keynote in China

AS Japan's puppet administration in North China enacted and discussed further legislation to tighten Japanese monopoly in numerous industries in northern China areas, Tokyo "brain-trusters" this week poured over plans designed to build out of Shanghai a base for Nipponese economic penetration in China. Their studies centered around plans which early this month received the approval of the interests behind the government-subsidized North and Central China Development companies.

The two companies have been formed to exploit Chinese territory now under Japanese control. The first efforts of the two companies will be to gain possession of leading utilities, particularly communications.

Two communications companies in North China and Central China will be established prior to the opening of the North China Development and Central China Development companies, reports the *Asahi*. Plans for them have been formulated jointly by the Japanese Cabinet's Planning Board and Communications Ministry and will be submitted to a Cabinet meeting shortly. On approval, these companies will be opened as quickly as possible.

One institution is the North China Telegraph and Telephone Company. This will be a Chinese corporation established under Chinese law. Its head office will be in Peiping and its capitalization Yen 35,000,000. Of the capitalization, Yen 6,000,000 will be invested in kind and Yen 4,000,000 in cash by the Provisional Government of the Chinese Republic; Yen 4,000,000 by the Manchuria Telegraph and Telephone Company; Yen 4,000,000 by the International Telegraphic Communications Company; Yen 4,000,000 by the Japan Telephone Works Company; and Yen 13,000,000 by the North China Development Company and public subscriptions.

Puppet Investment

The other institution is the Central Electric Communications Company. Like the former, this will be a Chinese corporation established under Chinese law. Its head office will be in Shanghai and its capitalization Yen 25,000,000 under Sino-Japanese joint management and investment. The "Reformed Government" in Nanking will invest Yen 6,000,000 in kind and the Central China Development Company, International Electric Communications Company and Japan Telegraph and Telephone Works Company, Yen 19,000,000 each.

Apportionment of capital to be invested in the North China Development Company and Central China Development Company to Japan's "Big Three" business houses and life and accident insurance groups was decided on after negotiations among Baron Seinosuke Goh, Chairman of the establishment committee of these concerns, Governor Toyotaro Yuki of the Bank of Japan and representatives of these houses and groups, according to the *Nichi Nichi*. Capitalization of North China Development, totaling Yen 350,000,000 and of Central Chinese Development totaling Yen 100,000,000 will be equally borne by the Government and private sources.

Of investments by private sources totaling Yen 175,000,000 for the former company, the four groups, namely, the Mitsui, Mitsubishi, Sumitomo and Insurance, will invest Yen 15,750,000 each an aggregate of Yen 63,000,000. Shares totaling Yen 17,500,000 will be offered for public subscription. The remaining Yen 94,500,000 will be subscribed by the Soda Industry Guild Federation, Japan Sugar Association, Japan Cotton Spinners' Association, Japan Coal Association and many other industrial and economic bodies.

Of investments by private sources totaling Yen 5,000,000 for the Central China company, the above-mentioned four groups each will invest Yen 4,500,000 and Yen 5,000,000 will be offered for public subscription. The remaining Yen 27,000,000 will be allotted to various economic bodies.

North China's Trade Control

In North China, the "Provisional Government," imposed a ban on exports of all hides and leather of cow and sheep, and notified customs officials concerned accordingly. This is considered as one of the first steps in the direction of trade control in that territory. Recently, export trade trends in North China have been featured with extreme activity in shipments to third countries and Shanghai, in contrast to a depressed export situation, with Japan, *Domei* reported.

The circumstances, which are being welcomed in some quarters as increasing the receiving accounts of North China, are being marked with many complicated factors as a matter of fact. Such a tendency not only goes against the fundamental principle of economic co-operation among Japan, China and Manchukuo but is also benefiting the foreign banks from the standpoint of the currency, *Domei* said. With the legal quotation of the new Government note fixed at 1s 2d, the foreign banks are quoting 8 pences on the basis of the old legal notes, with the result that export bills for the North China export specialities are flowing into the hand of the foreign banks.

Under the circumstances, the "Provisional Government" of North China has ordered all the customs houses concerned to ban the exports of raw cow hides, sheep's skin, raw hides and furs, to take effect as from July 1. It is expected that the "Provisional Government" may take a similar step for raw cotton in the near future.

Those developments have been invited, however, mostly by the special circumstances concerned with the currency. It is understood, therefore, that such a situation will be steadily abolished when the new Government note comes out of the present transitional state and gets stabilized in name and in fact as the one and only currency in North China.

Hides and leather are being urgently demanded in Japan, while the ban upon the exports of raw cotton will also affect relations with Japan. In this connection, some special measure is deemed necessary to adjust relations with Japan under the present circumstances.

Some Cooperation Notes

At what was known as a Sino-Japanese economic conference held in Peiping July 1, between Japanese representatives and Chinese puppets, an agreement on the following basis principles of co-operation was reached:

1. As the fundamental principle of the economic collaboration between China and Japan, efforts should be made to associate the agricultural resources of China with the industrial resources of Japan as closely as possible, thereby strengthening the relationship of interdependence in economic affairs between China and Japan.
2. Sino-Japanese collaboration should be realized and promoted for the development of the basic industries concerning coal, iron, electric power, coal liquefaction, salt, etc.
3. Joint Sino-Japanese management of other enterprises should also be realized.

The discussion also touched on the question of importing foreign capital for the industrial development of China and the promotion of trade with third nations.

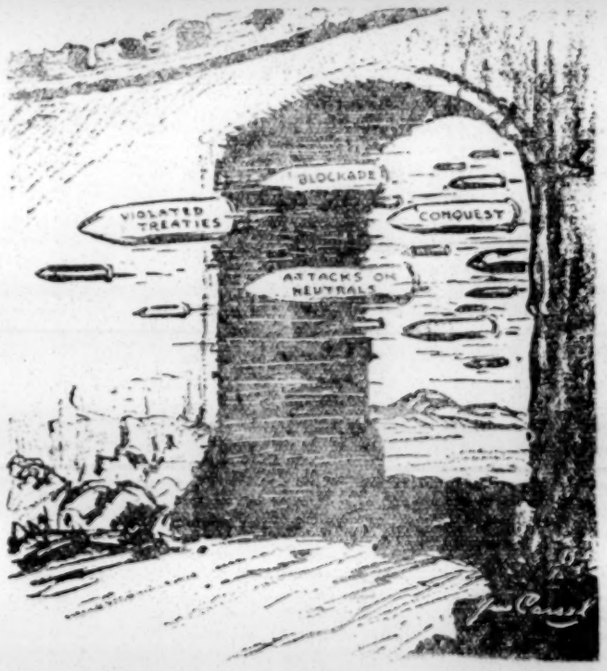
But these schemes, however, only scratch the surface of Japan's ambitious program to crowd out foreign participation in the North China market. Nippon's designs to exclude third-party interests in Northern China's economic resources became more evident following the formation of several powerful corporations and the reorganization of existing firms whose functions are to compete with, if not actually to take over, foreign interests in similar undertakings.

"Open Door" is a Myth

The "Open Door" which Japan's diplomats so vigorously maintain is being left open, and express amazement at any counter-suggestion, is being closed tighter each day, even as it has been done in Manchuria.

As a result of recent negotiations between representatives of the Japanese owned Hing Chung Company and officials of the Kailan Mining Administration, the Japanese succeeded in obtaining the privilege of mining all aluminum ores in the K. M. A. mines

THE OPEN DOOR



Brooklyn Eagle

in North China. A subsidiary company of the Hing Chung Company, now in process of organization, will take over the mining of this product.

The Tientsin Electric Power Company, recently organized by the Japanese, has been equipped with machinery sufficient to produce power for the use of consumers in the First Special District and in the British, French and Japanese Concessions. Under its new plan, the company will obtain additional machinery from the Hing Chung Company in order to expand its power production from 30,000 to 45,000 kilowatts. In its expanded form, the Tientsin Electric Power Company will be able to produce sufficient power for the use of the new Japanese industries which have sprung up in the First Special District. Being prevented from participating in the development of the city's power industry, foreign power companies, which previously had supplied Tientsin residents with electric power, are facing extinction.

Japanese penetration into the flour industry in North China followed closely on the occupation of the country's chief wheat growing areas. The organization of the Shantung Flour Company by the Japanese is primarily aimed at taking over the interests of Chinese flour companies which the Japanese had confiscated in the occupied territory. But the ultimate goal of the company is reliably reported to be the establishment of a flour monopoly in North China, thus dealing a death blow not only to investors in the flour industry, but also to all importers of foreign flour into China. In 1936, Australia exported to China 112,448 quintals of flour, Canada, 110,012 quintals, and the United States, 34,893 quintals.

Another ambitious Japanese monopoly scheme underlies the reorganization and expansion of the Chung Yen Development Company, which is considered one of the foremost weaving concerns in China. Under its new plan, the company will be renamed the Chung Han Development Company while its capital has been increased to $180,000,000. Besides retaining its former weaving interests, the company will also manufacture chemical products and participate in the development of the aeronautical industry.

Monopolize Nickel

The organization of the North China Metallurgical Development Company is the climax of a Japanese attempt to monopolize the mining of nickel and other light ores in North China. The capitalization of the company has been fixed at $10,000,000. The company has been engaging in prospecting work for three months.

Among other industries which the Japanese contemplate developing along monopolistic lines are the electric power industry in Mongolia with headquarters in Tientsin; the establishment of a gas manufacturing plant in Tientsin, and the construction of a railway to transport coal from the Great Wall area. Such development schemes of the Japanese will not only come sharply into direct conflict with foreign interests, but in due course may act as a stepping stone to curtail all foreign holdings in the economic development of North China.

To complete their schemes of crowding out foreign and Chinese interests in the industrial and commercial developments of North China, Japanese authorities have launched confiscatory or condemnatory measures against Chinese owned enterprises in northern areas under their military occupation. The enterprises affected by the Japanese measures included both establishments sponsored by governmental bodies and by private interests. The schemes are generally regarded as steps toward creating Japanese monopolies in the industrial and commercial development in North China.

More Seizures for "Robber Barons"

Among concerns which the Japanese have taken over are:—

1. Shihching Shan Steel Corporation (Lungvi Iron Works). This concern was organized the first year of the Chinese Republic at a capitalization of $170,000,000. Its smelting plant, located at Shihching Shan, west of Peiping, was capable of producing 350 tons of steel per day. Operation of the plant, however, had been suspended for several years prior to its confiscation by the Japanese.

2. The Loo Fung, Chen Tung and Chen Foong cotton mill companies in Tsinan, Shantung. The combined capitalization of the three mills was $4,860,000. They owned 55,000 spindles. These mills are among many other Chinese owned mills which the Japanese confiscated recently.

3. The Tangshan Chee Hsin Cement Company and the Shansi Chuyang Cement Company. Capitalized at $8,800,000, the Chee Hsin Company was capable of producing 600,000 barrels of cement per annum. Despite the company's unwillingness to yield ownership, the Mitsubi-shi Shoji Kaisha is trying hard to acquire control.

The Chuyang Cement Company, a smaller concern than the Chee Hsin Company, was confiscated by the Japanese shortly after their occupation of Chuyang.

4. The Chiuta and Yungli Salt Refineries. These two refineries, with a capitalization of more than $50,000,000, are the largest manufactories of their kind in North China. Meeting tremendous difficulty in obtaining raw material and in marketing their product, the plants suspended operation shortly after Japanese occupation of the Pingtsin area. Later, the Japanese-owned Hing Chung Company acquired the ownership of the refineries through siezure.

5. Confiscation of 10,000,000 *mow* (a *mow* is equivalent to 16th. acre) of private-owned salt field. The confiscated salt fields, which collectively are capable of an annjual production of 1,000,000 tons of eating salt, are now controlled by the Hing Chung Company and the Nippon Development Company.

6. The Suiyuan Woolens' Factory and the North-west Woolens' Factory in Taiyuan. Both factories, established by the Suiyuan and the Shansi provincial governments respectively, were recently confiscated by the Japanese.

7. The Chung Yuan Department Store. This concern, comparable in size to the big retail establishments in Shanghai, is the foremost department store in the Tientsin and Peiping areas. A Japanese firm, through the influence of Japanese military authorities in Tientsin, has made repeated efforts to acquire control of the business. While the Japanese scheme has not yet succeeded, the fate of the store is believed doomed.

Japan's Floods Take 933 Lives, Cause Yen 420,000,000 Damage

Japan's floods, characterized by some observers as the greatest disaster since the 1923 earthquake, exacted a toll of 933 dead and missing; 3,394 injured, 501,276 houses flooded and Yen 420,000,00,00 in damages.

Starting almost unnoticed in a slight rainfall and the overflowing of a few small streams, the flood spread over an ever-widening territory for seven days and became a major disaster calling for an extensive relief program. When the unleashed waters finally stopped their couse of destruction they had covered 420,000 hectares of fields, many of them the fertile lands whose crops spell prosperity or poverty for the farmer.

Property damage in Hyogo Prefecture alone, including Kobe, populous shipping center of Japan, amounted to Yen 270,000,000. Four other prefectures—Ibaragi, Nagano, Shizuga and Tokyo—suffered damage totalling Yen 150,000,000. In all at least 9,124 houses were destroyed or washed away.

Surrounded by water for days, Kobe experienced a shortage of drinking water as the waterworks was partly put out of commission by the speeding tide. Waterworks service was resumed in Kobe on July 14. The Cabinet decided to appropriate Yen 60,000,000 out of the second reserve fund for repairs to public works damaged or destroyed in the flood.

Storm in North

Five persons were also killed and several missing as a result of a series of rain storms in Aomori Prefecture in northern Japan proper since July 13. At least 1,154 houses were flooded, river banks overflowed at 19 places and 5,700 hectares of field were submerged, a survey showed.

Literally washed away by the deluge, Kobe after the recent flood was in effect a city of debris, Donald M. Davies, newsman formerly with the *Associated Press* in New York, told *The China Press* last week following his arrival from Japan. Davies, who arrived in Kobe a day after the flood had cut a wide swath of death and destruction through the city, is now on a round-the-world trip. Intermittent heavy rain and a final steady downpour lasting three days turned Kobe streets into veritable rivers. Torrents, rushing down the road, carried parts of houses, clothes and debris, he said.

When the flood water finally cleared, the streets were covered with debris sometimes piling as high as the roofs of diminutive Japanese houses. A man walking down Kobe streets during the first few days after the flood had to be careful lest he trip over a traffic light sticking up from the debris. The flood water flowing down the street was used by housewives to launder their clothes, clean their furniture and wash vegetables. During his trip around the city, Davies saw one man recover a whole basket of eggs out of the towering pile of wreckage. Sorting out the broken and the unbroken ones, the man was seen diligently washing each of the eggs.

Mongolia Donates to Japan

Sympathizing with sufferers of the flood in the Kwanto and Kwansai districts in Japan, the Mongolian Autonomous Government on July 16 sent Yen 10,000 to Tokyo and Yen 10,000 to Hyogo Prefectural Governors in the name of Prince Teh, Chairman of the Government.

Embassies Moving to Chungking

With the Japanese steadily advancing on Hankow, seven foreign embassies there are understood to be preparing to move to Chungking, namely, the British, French, American, Belgian, German, Italian and Russian. The Chinese Foreign Office is at present engaged in the difficult task of finding accommodation for foreign diplomats in or outside the already crowded city.

The various embassies are reported to have expressed a wish to be quartered on the same side of the Yangtsze as the majority of Chinese offices. The Soviets have already a large building on the outskirts of the city, together with five houses for their Embassy staff, while the United States Embassy has a lien on the former American naval canteen on the south band of the Yangtsze.

New Emphasis in China's War Education

(By a Special Correspondent)

WHEN Japan fired the first shot in her undeclared war in China, the entire Chinese intelligentia arose like one man to rally to their country's all-front resistance. Only the majority of her ignorant and illiterate farming folk were unaware of the gravity of the crisis. Now one year after the outbreak of hostilities, the farmers also know that the war concerns themselves vitally. The Mass Education Movement Association, with Dr. James Y. C. Yen as its leader, has been responsible for this.

The Mass Education Movement Association used to have its headquarters at Tinghsien in Hopei Province. Less than a year after the removal of its head office to Changsha, capital of Hunan Province, war broke out, and the association plunged into the task of preaching the doctrine of resistance by means of mass education.

Its original personnel proved insufficient for the war work. Hundreds of college graduates, those from agricultural schools and those who have worked among the farmers responded to its appeal for more workers. By strict examinations, 48 applicants among whom were four girls were chosen as the best qualified for the furtherance of its program. Among this number there were three graduates from Tsinghwa University in Peiping (now incorporated with the Hunan University in Changsha), two graduates from the Peking National University in Peiping, two from the National Teachers College in Peiping, one each from Yenching University in Peiping and from the School of Agriculture and Forestry of the University of Nanking. The rest were those who have had much experience in rural work.

Rigid Training Given

They were given two weeks' rigid training followed by another two weeks' practice of what they had learned in the association's experimental station at Hengshan *Hsien* (district) in Hunan Province. Then they were divided into six groups, called Farmers Enemy-Resisting Mass Education Corps, and were assigned to six different working areas, each corps covering two *hsien* (districts) along the major communication lines throughout Hunan.

These six Farmers Enemy-Resisting Mass Education Corps make as their principal task the education of the people in 12 *hsien*. Through posters, cartoons and news bulletins postered on walls, by means of mass meetings, education classes and house-to-house calls, they are telling the people the significance of the war. Every tiller of the good earth now thoroughly understands what China is fighting for and is ready to enlist as soon as called upon.

After having completed their work is in twelve *hsien*, the six Farmers Enemy-Resisting Mass Education Corps, in co-operation with the People's Training Department of the Hunan Provincial Government, are extending their activities to other *hsien* in the province. The wartime programme of the Mass Education Movement Association is by no means limited to Hunan Province. Its secretaries, all best mass education experts China has produced, are doing similar work in other provinces.

The center for the mass training of China's wartime personnel is located in Changsha. Thousands of college graduates, returned students and formerly officials in various government organs are receiving their training here. Upon completion of their instruction, they will serve as magistrates, conscription agents, army instructors. To the successful conduct of this big training school Dr. Yen, General Secretary of the Mass Education Movement Association, has given his time and energy. He serves as Vice-President, with General Chang Chih-chung, Chairman of the Hunan Provincial Government, as President, while one of the association's secretaries, Mr. Chu Shih-ying, a Harvard man, is dean of the school.

Plenty of Talent

At the experimental station in Hengshan, known as the model *hsien* (district) of Hunan Province, the association affairs are looked after by three of its best talents. They are Sun Fu-yuan, French returned student, as magistrate of Hengshan *Hsien*; Huo Li-pai, an expert on local government affairs and Li Ching-shu, German returned student specializing in education. The association has another experimental station at Hsintu near Chengtu, Capital of Szechuan Province, staffed by another group of experts.

Chen Chu-shan, a returned student from Japan and the United States, is stationed in Kweiyang, Capital of Kweichow Province, serving concurrently as a member of the Kweichow Provincial Government. Another secretary of the association, Sun En-san, is heading a training center for wartime local government personnel in Nanchang, Capital of Kiangsi Province.

Among those in the Changsha head office of the association, Li Chin-hui is noted as a composer. For many years before the war, he had been connected with the Star Motion Picture Company and the songs he composed for the movies were sung in all Chinese dancing halls and at musical concerts in Shanghai. After obtaining a divorce from his wife who was one of the leading movie stars and had the fame as "model beauty" in China, he joined the Mass Education Movement in Changsha, and since the war he has composed many martial songs. A series of these songs are bound in a book form entitled "War Songs of the Chinese Race."

When Dr. Yen is called away from the head office by urgent duties elsewhere, N. Z. Zia, a returned student from Jpaan and the United States, acts for him in running affairs of the association.

MASS-RESISTANCE TO AGGRESSION IN SHANSI

Resistance to Japanese aggression in Shansi province probably has been more effective than elsewhere due to intensive methods used in acquainting the people methods of defense.

Chinese Police Resume Duty in Hongkew and Yangtszepoo

Giving further credence to the report that certain sections of the Hongkew and Yangtszepoo areas will be shortly opened by the Japanese authorities, some 25 Chinese Settlement police officers went on duty July 10 in the northern areas. Attached to the Hongkew station, the group represents the first party of Chinese constables to go on duty in Hongkew since the area was occupied by the Japanese. The Chinese policemen, who will be headed by two sergeants, will function as traffic officers.

Persistent reports were in circulation during the past several weeks that the Japanese military, naval and consular authorities had conferred on the advisability of throwing open certain sections of the northern and eastern areas. While the results of these talks were never officially disclosed, informed quarters claimed that a tentative decision has been reached for the opening of the area at the end of this month.

The Shanghai Municipal Council last week received no formal notice from the Japanese regarding the latter's intention concerning the Hongkew area. It was stated, however, that employees of the Council have encountered considerably less interference recently in the execution of their duties than during the days immediately following the Japanese occupation of the district. The dispatch of Chinese police to the northern area is held here as a sign that the Japanese authorities may soon relax their entrance and residence restrictions for certain sections of Hongkew and Yangtszepoo.

American Opinion Rises Against War Supplies to Japan

OPINION in the United States for an embargo of war supplies to Japan appears to be gaining momentum as the daily slaughter in China by Japan continues. American consciousness is slowly arousing against definite acts of barbarism by the Japanese and the demand to halt war material shipments and credits to Nippon is becoming louder and louder.

In a recent issue of the bulletin of the China Aid Information Exchange, published in New York, it reports: "The irony of protesting against the barbaric bombing of the civilian population in Canton and simultaneously supplying Japan with the bombs, airplanes, scrap iron, gun cotton, copper, war chemicals, lubricating oil and aviation gasoline—and even the money—to make those bombings possible, is striking an increasing number of leaders and organizations in this country.

Eliot Janeway published the results of a careful survey of his situation, in the June issue of *Harper's Magazine* and *Asia Magazine*, pointing out that Japan could not continue her aggression in China without the war materials imported from the United States. Speakers throughout the country report a growing indignation everywhere over America's part in the destruction of China and the savage bombing of Chinese non-combatants.

On April 30, the General Conference of the Methodist Episcopal Church, South, passed a resolution calling upon the President and Congress to take such measures as may be necessary to prevent the material and financial resources of the government or citizens of this country from being used either directly or indirectly to aid Japan in her war of aggression upon China.

On June 3, the Federal Council of Churches of Christ expressed its "humiliation . . . that Americans are supplying a substantial portion of the essential war materials that make such outrages possible."

Protest Bombings

The full resolution follows:

"The Executive Committee of the Federal Council of Churches of Christ in America makes vigorous protest against the continued bombing of the civilian populations of China and Spain. We request that our Department of International Justice and Good Will transmit this action to the President and Secretary of State. We also respectfully call upon the Christian bodies in other lands to take similar action. War cannot be refined of its savage cruelty. There will be outrages against God and humanity as long as there is war. Despite this fact, the Christian Church cannot but lift its voice in protest against the barbaric practices of bombing civilian populations. To do otherwise would be to stultify its conscience.

"At the same time we are humiliated by the fact that Americans are supplying a substantial portion of the essential war materials that make such outrages possible. We deplore the practice of making profit from the blood and tears of the innocent. To surrender such profit would involve sacrifices by various commercial, financial, labor and transportation interests and by other sections of the population, but we urge that such sacrifices be made, for it would go a long way towards restoring a sense of morality in international affairs."

Refugees in Chungking

The Old Chungking Temple presented a busy, pathetic scene on July 6, as child refugees, mostly war orphans, were received on their arrival from the war areas, *Reuters* reported.

More than 800 have already arrived here, while 22,000 are awaiting transport from Hankow by every ship available, to a city were volunteer workers are striving valiantly with a host of problems presented by the almost unheralded arrival of these waifs. Beneath the shadow of an old curved roof held up by lofty wooden pillars, Chinese women doctors were patiently vaccinating new arrivals when *Reuter's* correspondent visited the establishment, while in the open courtyard several boundred children, roughly assorted according to ages, were receiving educational instruction.

"Some cannot even understand each other, so different are their dialects," declared a member of the Chinese Women's Association for war relief, who acted as guide. "They come from all provinces of North-East China," she said ,"many from Kaifeng and Chengchow where their parents were said to be victims of Japanese bombing."

At the corner of the courtyard, large groups of washer-women were industriously scrubbing small garments, while sewing machines hummed as new clothes were rapidly stitched. Clothing and washing alone are big items for nearly a thousand children, stated the guide, while hygience and food demanded the constant attention of a number of local doctors giving their services to this work.

Aid in Changchow

The British and American Missionaries in Changchow have been invited by the Chinese authorities to organize a Relief Committee to take care of the evacuation of Amoy refugees from Kulangsu to the interior.

At the time of the fall of Amoy, the Missionaries, together with Christian leaders, immediately organized themselves into a committee and made preparations for refugee camps. Up to this time, fortunately, there has been no need for them, for refugees have been few, and these have been cared for adequately by the local government. Two camps have been prepared, one in the compound of the Reformed Church in America Mission, in the centre of the city; the other in the compound of the London Mission and the Theological College. The Changchow Union Hospital has also been moved to this compound, as being in a safer environment.

It is anticipated that this camp will be devoted more largely to the care of sick refugees. The Catholics have also established a camp in a village outside the city. A substantial donation was received from the Chinese Relief Committee, and the Yutivo Hardware Co., of Manila, donated Pesos, 4,000, and a generous quantity of medical supplies.

Loans in Hangchow

Unemployed and destitute in Hangchow will soon be able to obtain help from an office to be established by the "City Government" for the granting of small loans, *Domei* reported. Persons in need for such loans will first have to submit applications to the City Government and furnish shop security. If their applications are accepted and the security is found satisfactory, they will be granted loans. The minimum amount of such a loan is $5 and the maximum sum, $200. The City Government has set aside $100,000 for this purpose.

WHERE 25,000 CIVILIANS WERE KILLED

These pictures, taken at Nanking, show two of the execution grounds where some of the 25,000 Chinese non-combatants were executed by the Japanese forces following the occupation of the city. The 25,000 killed were chiefly residents of the six hsiens, or counties, in the Nanking district.

Hankow Refugee Zone Plan Rouses Ire of Japanese Military

REPORTED British and American Missionary plans to establish refugee zones in Hankow, in event of a Japanese attack on the city, brought editorial broadsides from Shanghai's two Japanese-language newspapers, the *Mainichi* and the *Nippo*, this week. The *Mainichi* said that since the policy of the Hankow government appears to be designed to make use of the entire population of Hankow to fight against Japan, "it can reasonably be assured that the Chinese who would remain in that war zone would not be refugees but fighters."

Referring to reports that British and American missionaries in Hankow are planning to establish a refugee zone in that city, the newspaper quoted Japanese military authorities as holding the opinion that evacuation of refugees to a place away from the fighting zone is more desirable than the establishment of such a zone in Hankow.

"As the Hankow Government has been responsible for the state of affairs brought about by its mistaken policy of anti-Japanese resistance, it is incumbent on third Powers from interfering with the fighting between Japan and China. According to the reports received here, the projected Wuhan refugee zone seems to be meant for not only Chinese but foreigners, but is there any valid reason for people other than Japanese and Chinese to remain in the dangerous areas where military operations are to be carried on?"

The paper pointed out that the Japanese Government and military authorities have often advised foreign residents in China to evacuate dangerous fighting zones, and "relied upon their favorable response to Japanese consideration." The Japanese authorities are taking into consideration the rights and interests of third Powers in the Wuhan area, the journal continued, and have called the attention of the Powers to the necessity of their taking suitable measures to prevent the Hankow Government from using foreign properties in the area for military purposes.

Aimed at British?

"It seems that the planned refugee zone will include the Special Administrative Districts," the daily stated. "The British Concession having been restored to the Chinese in 1927, a joint British-Chinese Council has been functioning as an administrative body for the special districts. However, there is ample room for doubt as to who directs the above committee. In view of the fact that large numbers of people are being evacuated from Hankow now, and that the Government is expected to leave, those people who remain there until the last cannot be described as refugees.

"According to a press report from Hankow, the Wuhan Government has planned to take the lead in a refugee program for non-combatants, and to facilitate the removal of the people into the interior by closing schools and other institutions. According to the report, the Government planned to send away first of all wounded soldiers, women and children. According to another press message from Chungking last month, a refugee zone had been planned in that city which would be able to accommodate more than 50,000 Chinese from Hankow.

"In the light of the policy of the Hankow Government, which appears to be aimed at using the entire population as fighting elements against Japan, it can reasonably be assumed that the Chinese who remain in the war zone would not be refugees but fighters. Under these circumstances the establishment by third Powers of a refugee zone and the protection of resisting people would be interference with the operations of the Japanese forces. If foreigners in Hankow are really concerned about the safety of the inhabitants of the city they should first of all cause the Chinese military forces to withdraw from Hankow.

Hampers Tactics

"In the past almost all the refugee zones which have been established in areas occupied by the Japanese forces were set up without any agreement with the Japanese military authorities. However, the Japanese forces, acting from a standpoint of humanity, have assumed an attitude of benevolence toward these zones at the cost of great inconvenience to their military operations. A mere glance at the protection afforded Chinese residents in Japan, to say nothing of the state of affairs in Japanese-occupied areas, will show the real intentions of the Japanese forces.

"The facts to date show that the Japanese forces have suffered innumerable inconveniences to their tactical operations because of the refugee zones established without their approval, In addition to this, the so-called refugee zones, which have persisted even after the Japanese occupation of several places, have proved great obstructions to the maintenance of peace and order. It is a well known fact that though foreigners established refugee zones for charitable purposes, the zones in some cases have become places of refuge for anti-Japanese elements."

The Nippo's Comment

If the foreign missionaries are sincere in their humanitarian purpose to organize a refugee zone in Hankow, they can do far better in pursuading the Chinese authorities to adhere to their original plan of giving up the Wuhan cities without resistance, according to Japanese military circles, the *Nippo* said.

The military circles express doubt over the legal right of the British authorities to create a special status in the former British Concession in Hankow. As the Chinese Government is making definite arrangements to arm and train every Chinese to defend the Wuhan cities, the Japanese is forced to consider every Chinese in Wuhan an anti-Japanese element and cannot tolerate any protection which people of any third power may give to those anti-Japanese elements. Organization of a refugee zone by people of third powers are but attempts to interfere with Japanese military operations against the Wuhan cities.

British Ownership of Mills Proved Genuine

"Bona-fide British ownership of the mills involved have already been proved to and accepted by H. B. M. Consul-General in Shanghai," W. C. Gomersall declared July 15 when shown a release by the Japanese official spokesman to the effect that this factor would be the principal element to be studied when the matter came up for consideration by the Japanese authorities.

"Whether the transactions were, specious or genuine' was made perfectly clear by the chairman's report at the protest meetings, where it was stated that all the documents in proof of British interests in the two mills, the Chun Tah Cotton Mill, and the dyeing, printing and finishing works of the China Textile Manufacturing Company, had been submitted to H. B. M. Consul-General, to the Japanese Consulate-General, and finally, to the Japanese Military Commander.

"In spite of this, the Japanese military authorities, without waiting for an investigation, or for proper representations through the civil authorities, compelled the British members of the mill staff to leave the premises. It is impossible to suppose that anybody can really entertain any doubt as to the genuineness of the transfer from Chinese to British ownership. Any doubts as to that point could be set at rest in five minutes by telephoning the British Consulate-General, where China Spinners, Limited, is registered.

"It is interesting to observe that the spokesman states that the fact that the sale was made after the outbreak of hostilities was of secondary importance. It was the main reason given for the compulsory withdrawal of the British staff from the mill. This is a welcome change from what all third party nationals have always regarded as an untenable position."

Sir Robert Calder-Marshall, Chairman of the British Chamber of Commerce, was equally emphatic. "This amounts to the question of whether Japanese have the right to interfere with private property. We have been assured again and again that the Japanese have no designs upon foreign property—nor even on Chinese property. Yet here we are confronted with the seizure of British property, land and machinery. The two facts do not go well together."

Japanese Statement

Whether or not the transaction involving the sale of the Chinese Chun Tah Cotton Mill to the British China Spinners Limited. a company formed especially for this purpose, was "specious or genuine" would determine the attitude of the Japanese authorities towards the case, a Japanese Embassy spokesman said July 15.

The *bona fides* of the deal, the spokesman said, would be the principal element to be studied. The fact that the preliminary deed of sale had been signed in September, after the outbreak of the hostilities in Shanghai, was of secondary importance, the spokesman indicated. He declined to comment further on the case, stating that an investigation into the case was now being made by experts.

Siemssen Takes Over Lunghua Plant

The Siemssen and Company, a German firm in Shanghai, has bought over the Lunghua Plant of the Shanghai Portland Cement Company, one of the leading cement factories here.

U. S. Imports from Orient Drop

Imports from China and Japan for the five months of the year were less than half as great as in the same period last year, according to reports from Washington.

Exports to Japan were U.S.$109,659,000 compared to U.S.$140,447,000 last year while exports to China totaled U.S. $17,765,000 compared to U.S.$26,226,000. Imports from Japan amounted to U.S.$47,848,000 compared to U.S.$92,386,000 last year. Imports from China totaled U.S.$18,352,000 compared to U.S.$51,637,000.

The biggest exports to Japan were in raw cotton to the amount of U.S.$24,000,000 compared to nearly U.S.$50,000,000 in the same period last year. Chief reduction in United States imports from Japan were in raw silk which amounted only to U.S.$29,065,000 compared to U.S.44,232,000.

Main exports to China were aircraft and parts totaling U.S.$2,572,000 compared to U.S.$1,985,000.

Importance of the Proposed Szechuen-Yunnan Railway

BY C. Y. W. MENG 孟昭泳

IT is now generally acknowledged that the completion of the Canton-Hankow Railway has greatly facilitated China's resistance against Japanese invasion. Its construction has been spurred by Japan's blockade of the Chinese sea coast. With no navy on her side, the blockade has been effective in cutting off China's contact with the outside world. However, with the completion of the Canton-Hankow Railway, China has been able to import all necessary armaments from foreign countries through foreign ports in the south, and is still able to transport her troops—the famous "Kwangsi troops—many of them the Chinese crack divisions from the extreme south, to various war fronts in the east and north. (Since the outbreak of the present war, the Province of Kwangsi has mobilized and sent no less than 400,000 troops to various fronts, according to reports from unofficial sources.) But in addition to this railway, there is another railway, possibly of even far greater importance, which is now under intensive construction, and it is the Szechuen-Yunnan Railway.

The construction of this important railway had its inception in the proposal submitted to the Central Government by General Liu Hsiang, the late Chairman of the Provincial Government of Szechuen, shortly before his death. In his elaborate proposal on the "center of the reconstruction of Szechuen during the present war of resistance against Japan" which he submitted immediately after the outbreak of the Sino-Japanese hostilities, Liu was reported to have proposed among many other reconstructive projects, the early construction and completion of the "Hsufu (or Hsuchow, lying in the very south of Szechuen on the southern bank of the Yangtze River) and Kunming (Yunnan Province) Railway"—a railway of 650 kilometers. It is said that in his proposal, he further suggested to extend this railway westward to Rangoon in Burma, and southward to Haiphong in connection with the Yunnan-Haiphong Railway service; thus, China would have an access of two open foreign ports in the south.

According to the latest information at hand, the total cost of this railway is put at approximately $100,000,000 (Chinese currency), half of which will be borne by the Central Government and the other half by the provincial governments of Szechuen and Yunnan. A sum of $10,000,000 was reported to have already been remitted by the Central Government and $5,000,000 by the provincial governments, so that the construction could begin earlier than scheduled.

Three Years To Build

Ho Pie-heng, newly appointed director of the Reconstruction Bureau of the Provincial Government of Szechuen, said recently that the survey work of the line may be taken up by two routes and that the final decision will be left to the Ministries of Economic Affairs and Communications. "As soon as the final decision is reached, the survey work will start. The whole line will be divided into ten sections. When the survey is completed, the construction work will be finished in three years!" he said.

As to the importance and advantages of this railway, we quote Dr. Hu Shu-hua in his article urging the early construction of this railway which appeared in *Kuo Min Kung Pao* in Chungking. Dr. Hu is generally acknowledged as one of China's foremost scientists and is now the president of the Chengtu University. He said the important feature of this railway are as follows:

1. When the through service between Szechuen-Yunnan and Yunnan-Haiphong railways is opened, China will be able to import ammunition and munition from foreign countries, irrespective of the blockade enforced by the enemy. When this line is further extended, it will reach Rangoon, thus reaching the Indian Ocean.

2. By land, Hsufu could reach Chengtu, the capital city of Szechuen, by construction of a short-distance railway from Hsufu to Lungchang along the Chengtu-Chungking Railway; and by water (Yangtsze River), it could reach Hankow, thus opening up a good means of communications in the central China.

3. This railway, unlike the Canton-Hankow and Changsha (Hunan Province)-Kweilin (Kwangsi Province) Railways, will be immune from the aerial bombardment of enemies.

Channel for Goods

4. Goods now piled up in the godowns in Chungking (no less then 40,000 to 50,000 tons of goods are now here waiting for transportation) will be exported through Haiphong.

5. Districts along this railway are rich in natural resources. Once this railway is constructed, it will facilitate the development and exploitation of limitless resources.

6. Districts to which this railway traverses are at present thinly populated, but with good climate, they are suitable for emigration for many thousands of refugees from the war districts as well as for the wounded soldiers for reclamation purposes.

7. This railway when completed will naturally tend greatly to develop more of China's remote provinces and frontier districts.

All these are sufficient to indicate that both the government and the public have paid much attention to the construction of this railway. Information from other sources shows that the construction is likely to be greatly expedited owing to its importance in the present prolonged war of resistance against the Japanese aggression.

Chungking, June 4, 1938.

Political Council Solidly Behind Government in War Policy

After 10 days of deliberation, the session of the People's Political Council, the legislative body intended as preliminary to a permanent Chinese parliament, adjourned on July 16 at Hankow until October after having, in the first sitting in its existence, submitted nine proposals to the government and drafted 116 others.

Before adjournment, the assembly elected 25 delegates as resident members, and adopted a manifesto urging the nation to unite under the leadership of General Chiang Kai-shek for prolonged resistance against the Japanese invasion. The manifesto also declared that during the period of emergency, without parallel in the history of the country and when the destiny of China was threatened with dire peril, only complete unity and determination could save the Chinese nation.

Therefore, the manifesto continued, the People's Political Council had decided to strengthen military discipline, improve strategy and mobilize all Chinese capable of bearing arms; to lay anew political foundation for a democratic government of China; through a general economy drive to increase the funds available for war and to utilize all capable men to be found among the whole Chinese population in the task of increasing production and improving the Chinese currency as well as establishing a Chinese autarchy in the sphere of munitions and war material manufacture.

Almost all leading Chinese statesmen attended the closing session of the People's Political Council, being present when Wang Ching-wei declared that the People's Political Council, in accordance with the initiative of the Kuomintang had demonstrated the new born unity of the Chinese people which, since the Japanese invasion, had grown stronger and stronger.

Wang Ching-wei closed his address by declaring that the People's Political Council would work with increasing strength until the day when China had regained possession of her complete liberty and independence.

A total 162 out of the 200 members of the People's Political Council took part in the sessions each member receiving as renumeration of $350 for the entire time, which was however, immediately returned to the government as contribution towards the war fund, two members of the Council giving another $10,000 as well.

Sweeping Reforms Not Wanted

At the eighth session of the council, held on July 14, members decided upon the following principles concerning the present system of local administrative machinery:

1. It is not desirable to carry out sweeping reforms at the present moment.

2. The organization and efficiency of the lower administrative organs should be consolidated and enhanced.

3. The various existing laws and ordinances promulgated by the Central Government regarding administrative reforms should be enforced. Special attention should be paid to the selection of administrative personnel.

Provincial and District Assemblies.—With reference to several proposals for the establishment of Local Assemblies (*Tsan-I Hui*), the meeting decided upon the following general principles:

1. In order to meet the requirements of the campaign of resistance and national reconstruction, Provincial and District Provisional Assemblies (*Ling-Shih Tsan-I Hui*) should be established.

2. The membership of Provincial Provisional Assemblies (*Sheng Ling-Shih Tsan-I Hui*) *should be* fixed by law.

3. The membership of District Provisional Assemblies (*Hsien Ling-Shih Tsan-I Hui*) should be determined on the following proportional basis:

(*a*) In districts where the population is less than 200,000 people, the membership should be limited to 21 persons.

(*b*) In districts where the population is more than 200,000, one additional member should be elected for every 50,000 people in excess of the standard population of 200,000.

Peking University to Open in September

Cleared of anti-Japanese sentiments in a cultural renovation, Peking University will open its doors once more in September after being closed for more than a year since guns began to boom over China. When the school opens leading Japanese professors will head the medical and agricultural staffs.

Dr. Hiroshi Nasu, professor in the Agricultural Department of Tokyo Imperial University, will occupy the chair of dean of the Agricultural Department of the Peking school.

Dr. Sen Nagai, dean of the Medical Department of Taihoku Imperial University, will head the Medical Department of Peking University. Dr. Nasu left Tokyo for Peiping June 26 to prepare for the opening of classes. Dr. Nagai will leave for Peiping this month after a conference with officials of the Ministry of Education on his return from Formosa. Both professors will continue to hold their present posts in Japanese schools.

Japan's Cancellation of Olympics Not a Surprise

WITH Japan's abandonment of ambitious plans to hold the Olympic Games and an International Exposition in Tokyo, in 1940, it appeared certain this week that Finland would be awarded the 12th Olympiad.

Japan's decision to cancel the Olympiad and to seek to hold the games in 1944 or 1948, did not come as a surprise to many observers. One by one, democratic nations signified that they had no desire to participate in the Japanese-sponsored games. Especially in America, opinion against participation of college athletes in the Olympiad was growing. The American magazine *Newsweek* reported June 20:

William J. Bingham, director of athleties at Harvard, in tendering his resignation from the Olympic Committee said, "I could not ask the American people to support a team . . . . going to a country standing for what Japan stands for today."

As a result of Bingham's statement, a serious controversy was expected to develop at the next meeting of the Committee in the United States because other college athletic directors were planning to take similar action. It was known that a resolution had been prepared demanding a change in site of the next Olympiad.

The action of Harvard's athletic director, if followed by other directors, would have prevented the United States from sending a team because the colleges provided most of the money necessary for sending an American team to the games.

Since the meeting of the American Committee was scheduled for early July, it is more than likely that the Japanese received information of adverse American action, or contemplated action, and that this was the real cause of Japan's withdrawal.

Students Voice Opposition

Other prominent athletic coaches also had indicated that they had no desire to take part if Japan was to hold the games. One organization after another in America went on record as opposing the holding of the games in Tokyo. On July 4, the American Youths Congress, composed of college students, recommended at a meeting in Cleveland, Ohio, that an international movement be organized to transfer the games to a country with more peaceful intentions.

The government's decision depressed Japan. The average Japanese citizen interpreted the move as indicating that the war will continue for a considerable period of time.

Except for the paper *Nichi Nichi Shimbun*, which injected a note of criticism in its comments and recommended that Japan organize the games regardless of cost because the prestige of the country is at stake, all papers showed understanding with the government decision and pointed out that the renunciation of the games was necessitated by the high costs and quantities of raw material required. Over 20,000 tons of iron as well as huge quantities of cement and wood would be necessary for the Olympic structures, it is stated, not to mention the man power for construction purposes. At the present time, it is declared, Japan could not dispense with one man or a single ton of iron for any purpose not connected with war.

Merchant is Gloomy

At the same time, the average Japanese merchant viewed the government's announcement with gloom. The Olympic Games to him was to have been an affair to pull his small shop "out of the red," put there by his continuous contributions to Japan's war chest. He expected a million tourists who would leave behind them millions and millions of yen. What he saw, instead of a nice profit, was a picture of a long war ahead, with further restrictions hovering over him and more donations to the army and the navy.

Japan gave as her reasons for the abandonment of the games, the uncertainty of the duration of the Sino-Japanese hostilities, the urgent necessity of economy, the wish to consentrate the nation's entire attention and resources upon the successful prosecution of the war in China, and to avoid diversion of interest resulting from the prospect of the games in Tokyo. Observers also expressed the opinion that Japan's growing fear of a clash with the Soviets also figured in her decision to cancel the event.

Strong objections were also voiced, mainly by the Army, against the use of iron and steel, and other essential wartime materials, for the construction of the stadiums.

Many of the country's best athletes, also, are serving in China, and the survivors would be unable to receive the requisite training, even if the war ends before 1940. In addition, the Army is believed to have objected to the holding of the Olympics in Tokyo, on the ground that it would be more desirable to stimulate national than international sentiment.

It was learned from semi-official circles that the Ministry of Public Welfare may hold a big ntaional athletic meet at Tokyo in 1940, in place of the Olympics.

Affected by the Government's decision to cancel the Olympic Games, the proposed tri-partite sports meet, scheduled to be held in Tokyo this autumn with German and Italian athletes in attendance, was also abandoned. The three-sided meet was to be finnaced by the Tokyo Olympic Organizing Committee as a preview attraction of the larger Games. The committee now faces dissolution because of the decision to cancel the 1940 Olympics.

Winter Olympics Also Cancelled

In keeping with the abandonment of Olympiad plans, the executive committee charged with preparations for the winter sports meet announced its decision to cancel the project.

Construction of three Olympic vessels will be continued despite the decision not to hold the games, officials of the Nippon Yusen Kaisha, largest shipping company in Japan, announced last week. The company is building three 16,500-ton passenger ships with a speed of 22 knots. They are scheduled to be completed in the spring of 1940. They will be placed in the European service although they were designed originally to carry visitors to the Olympic Games.

China's Trade Center Shifted to Hongkong

Since the start of Sino-Japanese hostilities, the *Morning Leader* noted recently, China's trade conter has been shifted from Shanghai to the interior in view of the increasing military needs and development of railway communication in the Northwest and Southwest. The total of imports into Shanghai shows a sharp decrease, representing only one-fifth of the total volume of the country's foreign trade.

Being a treaty port, the paper said, Shanghai used to hold an important position in international trade due its good communication facilities. All Chinese products have hitherto been transported to Shanghai on their way to foreign countries, while Saigon rice instead of Chinese rice was also being imported into this international port. This abnormal situation has now been removed with the shifting of the trade center to the interior.

Shanghai, the paper observed, is now only a center of unproductive consumption and has lost its importance as a wartime commercial port. For a few months following last August Shanghai still showed an excess in export because there was still a large quantity of foreign goods stored in local godowns.

With Shanghai still in the hands of the Japanese, the paper continued, Chinese merchants are subject to Japanese pressure. Recent press reports state that huge consignments of Chinese rice, hemps, pig hide and other Chinese products have ordered by the Japanese from Shanghai. The continued outflow of Chinese raw materials to Japan will no doubt produce results unfavorable to China. Furthermore, the foreign exchange obtained by Chinese merchants can be easily bought over by the Japanese at a high offer. This is mainly responsible for the drop of the exchange rate in the "black market." Although there are patriotic Chinese merchants in Shanghai, but they sometimes unconsciously fall into the traps of the traitors.

The *Morning Leader* lauded the measures recently promulgated by the Chinese Government for the shifting of China's trade center to Hongkong. In view of the fact that Hongkong is in close proximity to the Southwest, there is bound to be a boom in China's export trade under the centrol and encouragement of the government. At the same time, Chinese business interests in Shanghai will be gradually move to British Colony because of the oppression of the local puppet regime.

"The shifting of China's trade center to Hongkong," concluded the journal," will have great favorable effects on the campaign of resistance, for it tends to increase the financial strength of China. Besides the regular national revenves, China now depends on people's contributions and foreign assistance. China's products, such as silk, wood oil, tea, eggs, hides, etc., have won popularity abroad and the demand for them will be greater as most of the foreign powers are in sympathy with China. Therefore we are sure that China's foreign trade will prosper and that her financial sources will be consequently strengthened."

New 1938 Directory Off Press

The Shanghai Directory for 1938, city supplementary edition to the China Hong List, revised and corrected to July, under the imprint of the *North China Daily News* and Herald, Ltd., is now off the press and available to Shanghai business firms. The directory, complete as ever in the host of informational data, offers users details on all firms, institutions, missions, embassies, consulates, etc., in Shanghai, with staffs, arranged alphabetically. Other features of the directory are the listing of agencies, the trade directory, mercantile marine, Shanghai Who's Who, street directory and residential directory. The price is $6.00.

China Tightens Her Finance Machinery for War

THE National Bankers' Economic Conference, held in Hankow early in June under the auspices of the Ministry of Finance for the purpose of devising means of improving China's financial machinery in the hinterland, has, according to reports received from various sections of the country, met with favorable public reaction. About 80 leading Chinese bankers, mostly bank presidents, managers and chairmen of bankers' associations, attended the meeting.

The representation was national in character, according to a special correspondent's story from Hankow appearing in the *China Press*. In addition to ranking men of the "Big Four"—the Central Bank of China, the Bank of China, the Bank of Communications and the Farmers' Bank of China—were delegates from banks in the provinces of Anhwei, Honan, Shansi, Hunan, Hupeh, Shensi, Szechwan and even Sikang near Tibet. A large group came from the four occupied Chinese cities, namely, Peiping, Tientsin, Tsingtao and Shanghai.

Most of the work at the conference was done by three sub-committees. In the first group, reports on financial affairs in various localities since war began were read and examined. Members of the second section concentrated on practical measures whereby local financial conditions might be improved. Those in the third group carefully analyzed different proposals aiming at a closer collaboration between the Government and the individual banks in the enforcement of the plan for strengthening China's wartime finances.

Aims of Conference

What did the conference aim to accomplish? In the first place, it set out to find a formula for increasing the efficacy of various local banks so that they could more actively promote wartime production both on the farms and in the factories and thereby increase China's economic strength for the long-drawn-out war. The war has dealt a severe blow to thousands of Chinese villages. In many places lines of transportation have been dislocated. This has had the effect of hampering the flow of capital to rural areas and hindering the marketing of produce. Obviously, to improve the financial situation in the villages, it was imperative for local banks to extend their loan services and to push ahead the co-operative societies with greater vigor.

Consequently, one of the first decisions of the conferees was to carry out the measures previously promulgated by the Ministry of Finance, which concerned the placing of more money at the disposal of the peasants. Upon their return to their respective towns or cities the bankers will branch out into many activities outside their normal business transactions.

Among these new enterprises will be the management of granaries and storages, mortgage on farm products, loans to the farmers for the purchase of seeds, fertilizers, farming implements and working oxen, and for the improvement of irrigaiton systems. Besides, the banks will accept or discount bills on agricultural produce and grant loans secured on lands and houses. It is expected that the Chinese farmers will have easier access to the capital they need to finance their seasonal activities. Likewise, the farm yield in China will be increased. In addition to ensuring China's food supply, the increased production will strentghen the country's national economic resources for the successful prosecution of the war.

With regard to commerce and industry, practically all Chinese factories in the occupied areas have been destroyed or damaged by the Japanese. While a number of them have moved into the interior, their foundations are not strong. Thus, all types of industrial plants are in need of larger working capitals to enlarge their activities and absorb labor.

Loans on Factories

To meet this situation, the Ministry of Finance in its program for the improvement of local financial structures has instructed the local banks to make loans on factory plants and properties, raw materials and finished products, and on government bonds. Special provisions were made for aiding handicraft and home industries. Banks undertaking these functions may apply to the "Big Four" for one-dollar notes and subsidiary notes, by offering silver, 20 per cent: government bonds, 30 per cent; and the remaining 50 per cent to be composed of immovable properties and others as securities. The cash reserve for these small notes is fixed at only 20 per cent in order to allow more money to flow into the farms and small factories.

Chinese Notes Circulated in North China

Despite recent orders of the "Provisional Government," Chinese legal tender notes (even those bearing the names of Shanghai and Hankow) are being circulated in North China as usual. Up to the present time, the total amount of these notes in circulation in North China is around $338,000,000, showing the full confidence of the people toward Chinese currency.

"Offer of Gold to State Movement"

The "offer of Gold to the State Movement" launched on the occasion of the first anniversary of the outbreak of the Sino-Japanese war proved to be a great success in Hankow, as a total of $790,000 was netted in Hankow on the first day of the campaign. The success of the compaign is viewed by Chinese as a gratifying sign of the high morals of the people and their warm support to the Central Government in the present war of resistance. Those who offered gold to the state ranged from rickshaw coolies to high officials. Even little children did their share in swelling China's war chest.

Approximately $20,000 was contributed by members of the People's Political Council to swell China's war chest in response to the "Officer of Gold to the State "movement. Wang Ching-wei, Chairman of the Central Political Council and concurrently Chairman of the People's Political Council, donated one month of his official allowances, and Dr. Chang Po-lin, Vice-Chairman of the Council, contributed $200. Huang Mei-chih, a prominent merchant in Chienshu, southern Yunnan, contributed $100,000 to the Government's war chest. The money has been remitted to General Lung Yun, Pacification Commissioner for Yunnan and Kweichow, who sent a special telegram to Huang, commending him for his generosity and patriotism.

Plan "South China Federal Reserve Bank"

Well-informed Chinese circles state that the puppets are planning to organize a "South China Federal Reserve Bank" similar to that of the "Federal Reserve Bank" organized by the "Provisional Government" of Peiping some months ago. In North China, the "Federal Reserve Bank" issued $40,000,000 notes but the "authorities" are finding it very difficult to circulate them among the people. Meanwhile over $300,000,000 Chinese legal tender notes are still being circulated in North China.

It is further reported that about Yen 30,000,000 notes are being circulated in the suburbs of Shanghai following the occupation of this area by the Japanese troops. But when one compares this figure with $500,000,000 legal tender notes circulated in this area, one sees the strong position of the Chinese currency in Shanghai.

Army Appointments Announced in Tokyo

Numerous appointments and transfers of Army officers were announced July 15 by the Tokyo War Office. The following appointments were made: 15 lieutenant-generals, including two intendent lieutenant-generals; 122 major-generals, including six in engineers corps; 13 surgeon major-generals, eight intendent major-generals, three veterinary surgeon major-generals, five transport major-generals, four cavalry major-generals, 11 flight major-generals, 14 artillery major-generals and one gendarmerie major-general. Among the newly appointed major-generals is Major.-Gen. Prince Ogin Ri.

Gen. Kuniaki Koiso, Commander of the Korean Army, was assigned to the Military General Staff and was succeeded by Gen. Kotaro Nakamura, Supreme War Councillor and former War Minister.

The appointments were announced by Lieut.-Gen. Seishiro Itagaki, War Minister, after Imperial sanction had been obtained.

Lieut.-Gen. Makoto Matsui was appointed Commander of the Headquarters of the Western Defense Area. Lieut.-Gen. Sobu Yamamuro was appointed president of the Military Academy.

The War Ministry announced that the appointments were based on military achievements and for the purpose of "putting the right man in the right place." Several appointments were made to the staffs of military educational institutions to enlarge the Army's Activities in carrying on the China campaign.

British Strengthen Defenses of Former Concession in Hankow

Defense works are being erected by the British authorities near the gates of their former Concession in Hankow, a special dispatch to the *New York Sun* said on July 13. The concession was returned to China 10 years ago following forcible seizure by the Nationalists. The British naval authorities were further reported to be contemplating the landing of Marines to safeguard British rights and interests concentrated in the former concession. Most of Britain's U.S.$10,000,000 investments in Hankow are located in that area.

Canton-Hankow R.R. Profit High

Despite the heaviest and most persistent bombings of the Canton-Hankow Railway by the Japanese, the railway made a net profit of $4,000,000 for the fiscal year ending June 30, 1938, according to an announcement at Hankow. Of this sum, $1,000,000 has already been handed over by the railway authorities to the Board of Trustees of the Sino-British Boxer Indemnity Funds. The money is in payment of interest on the loan from the Board for the completion of that section of the railway between Chuchow and Lokchang.

British Leader Deplores Huge Arms Budget

THE present trend of nations to spend the greater part of their resources in preparing for a possible Armageddon was deplored by Sir John Simson, Chancellor of the Exchequer, in winding up a debate on Britain's Finance Bill, which embodies the Government's proposals for the current year as set out in the Chancellor's Budget statement, in the House of Commons July 16.

"Let there be no mistake," he asserted. "If we do not succeed, and the world does not succeed, in finding some way

MARVELOUS TRICK !

Parrish in Chicago Tribune

in which we can prevent the folly of this ever-increasing expenditure on armaments, then indeed the future we are preparing for our children is one at which we may shudder." On the whole, Sir John Simon said, his advisers took the view that there was reason for discounting and distrusting any gloomy prophecies for the future.

"It is not with any pride or exultation," he declared, "that I have to present to the House a thousand million pound budget. We can take our pride in the courage and resolution with which our fellow countrymen shoulder the burden. We can get some satisfaction and justification in the knowledge that it is not we who set the pace. We can get some comfort from the knowledge that this country can endure at least as well as the rest of the world to bear the burden.

Mortgaging of Resources

"But I must say that my over-whelming feeling is one of repulsion and resentment that humanity is really engaged in mortgaging so immense a part of its resources in preparing for a possible Armageddon when so much might be done with those resources if only a solution of difficulties could be found. This country has got resources in character, courage and history which will see us through."

Referring to the fact that the course of world trade had been unfavorable since he presented his budget, the chancellor said that, in making the best estimate they could on every ground, they must not exaggerate their disappointment. There were, he thought, abundant reasons for concluding that the present situation had no resemblance to the situation before the great depression in 1931. Conditions in countries which produced primary commodities were very different and much improved from what they then were.

In Great Britain, Sir John Simon stated, "we have secured a far better and far surer share of our home market than we have ever done since 1931. We are now much less dependent than we were on fluctuations in foreign trade, and are entirely free from the obligation of pursuing a deflationary policy."

Direct Tokyo-Peiping Radio Service to Open

Direct wireless telegraph service between Tokyo and Peiping will become available on July 11. At present all messages are routed via Manchukuo.

Police Arrest Solicitors of "Ta Tao" Gambling Dens

The arrest of two teaboys allegedly for acting as the "contact men" of gambling dens in the western extra-Settlement road areas was the answer of the Shanghai Municipal Police July 9 to the ring of gaming houses fostered by the agents of the Nanking "Reformed Government" and the local "Ta-Tao crowd. Arrested and brought to the First Special District Court to face charges were Ngau Tsu-fuh and Chao Pah-dee, both describing themselves as teaboys. They were charged with having incited persons to gamble.

Able to operate without interference in areas controlled by the Japanese-sponsored regimes, Ngau and Chao were alleged to have made the mistake of crossing into the Settlement side of the boundary and there soliciting people to freequnt the dens.

The arrest and the indictment of the two men again brought to the public notice the rapid increase of gambling dens in the western extra-Settlement road areas which is now making Shanghai's top-ranking residential section a notorious locale where gaming is carried on with official consent and co-operation.

Recently the *China Weekly Review* exposed the existence of some 20 gambling dens which are in operation in lanes immediately off the Settlement roads. Investigators found that these gambling houses were fostered by the agents of the "Shanghai Administration Directorate," which is the successor of the "Ta-Tao" regime.

Some $100,000 in so-called "taxes" and "cumsha" money is being paid by the den operators to those in charge of the administrative affairs in the areas. As a result of their financial contributions, the den owners have been able to conduct a rich business without the slightest interference and with the co-operation of the "Ta-Tao" police. In addition to the gambling, "stick-up" men are also said to be operating in the vicinity of the dens by robbing people leaving the premises with money. The Shanghai Municipal police, apart from tearing off the posters of the gambling houses and arresting the "runners" they employed in the Settlement Roads have been powerless to "clean up" the dens.

Wong and Morris Honored for Stories and Pictures of Shanghai War

John R. Morris, Far Eastern Manager of *United Press*, was awarded a plaque by the "National Headliners Club" of Atlantic City, New Jersey, for the outstanding piece of foreign reporting in the past year, according to a report by *United Press* from Atlantic City on July 10. The announcement was made at the annual banquet of the organization. The award was made for Mr. Morris' account of the bombing of Shanghai on August 14.

H. S. "Newsreel" Wong, representative of Hearst's Metrotone News, was awarded first prize in photography for Mr. Wong's picture of the Chinese baby crying amidst the death and destruction wrought by Japanese airbombs at the Shanghai South Station.

Norman Alley, representative of Universal, was awarded first prize for the outstanding news reel in foreign fields, for his picture of the bombing and sinking of the U. S. S. Panay by Japanese warplanes on the Yangtsze in December, 1937.

Prizes for accomplishment in the domestic field went to William Muller and James Metcalfe of the *Chicago Times* for their exposure of Nazi propaganda and activities in the United States.

Panay Victim Buried With Military Honors at Arlington

Charles Lee Ensminger, First Class Store-keeper of the U. S. Navy, who was killed during the Japanese bombing of the U. S. S. Panay near Nanking on December 12 last year, has been buried with appropriate military honors at Arlington National Cemetery. Among those attending were 15 commissioned officers, headed by Capt. Nimitz, Assistant Chief of the Bureau of Navigation. Arlington Cemetery, near Washington, is the burial place of many of America's illustrious dead.

British Investments in China Reported Valued at £130,000,000

Oliver Stanley, President of the British Board of Trade, stated in the House of Commons on July 6 that British investments in China were valued at approximately £130,000,000. Quoting an article by Sir Robert Kindersley in the *Economic Journal*, Mr. Stanley said that the nominal value of securities quoted on the London market was £41,000,000, but this figure did not include a considerable amount of unquoted and private investments. These would bring the total amount of capital invested by residents and institutions domiciled in the United Kingdom to approximately £130,000,000. Mr. Stanley's statement was made in reply to a question by a Labor member, the Rev. R. Sorensen, from West Leyton.

IS IT PEACE OR WAR TODAY?

Fitzpatrick in St. Louis Post-Dispatch.

THE BIG SWING DANCE

Arizona Republic

SAVING HER FROM COMMUNISM

Knott in the Dallas, Texas, Morning News.

NOT AMONG JUNE GRADUATES

York in the Louisville Times.

Freight Service of S.N.R. and S.H.N.R.

In order to hasten the revival of commerce and industry along the Shanghai-Nanking and Shanghai-Hangchow Railways, the reorganized Kiangsu and Chekiang Provincial "Governments" have approached the Japanese Army with a request that these two railways be provided with astrong force of guards and an adequates quantity of rolling stock so that the freight service on these two lines may be resumed within the shortest period possible, *Domei* reported. At present, only passenger services are being operated by the two lines, but because of a great demand for tickets, some passengers are able to secure passage only after waiting for over ten days, according to the reports.

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First six months of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts has been published in book form.

June 16.—Chinese launch counter-attack in Anking sector. Reported recapture of Anking unconfirmed, but severe fighting continuing in outskirts of city. Six Japanese motorboats and over 20 canvas convoy boats claimed sunk by Chinese artillery, causing many casualties.
Heavy fighting also along highway between Hofei and Shuchen in Central Anhwei.
Japanese columns advancing toward Hankow from Anking and Hofei respectively reported effected junction at Tungcheng, Anhwei, which city was evacuated by Chinese (June 15).
Chinese reinforcements rushed to points south of Chengchow to frustrate Japanese attempt to advance into that region.

June 16.—Yellow River floods approaching Chowchiakow, east of Yencheng on Peiping-Hankow Railway. Hankow preparing for relief of refugees.

June 16.—Five Japanese bombers reported shot down in air battle on Kwangtung-Hunan border, between Lochang and Shaokwan. Canton bombed three times between 1 a.m. and 5 a.m. Two bombs dropped in compound of St. Hilda's Girls' School, property of Church Missionary Society, buildings badly damaged but no casualties reported.

June 16.—Complete film record of Japanese bombing of Canton taken by A. T. Hull, news cameraman employed by Paramount and Pathe was lost while Mr. Hull was travelling aboard train from Canton to Kowloon, according to **Reuters.** Film thought stolen while Mr. Hull was taking refuge in a field during Japanese air raid near Sheklung. Before departure from Canton, Mr. Hull allegedly was offered large sum for the film by a foreigner of unidentified nationality.

June 16.—Edgar Ansel Mowrer, representative of International Peace Campaign, received (June 15) by Gen. Chiang Kai-shek and Wang Ching-wei.

June 16.—Tu Yueh-sheng, well known resident of Shanghai but now in Hongkong donated $10,000 for relief of Canton air-bombing victims.

June 16.—"This was one of the most terrible statements ever made by an Ambassador in a civilized country," declared Victor Gollancz, head of well-known London publishing house, referring to statement by Japanese Ambassador S. Yoshida that "Canton bombings were undertaken to demoralize Chinese people."
"We consider the inhuman bombardments carried out in Spain and China as an attack on civilization," declared Edouard Daladier, French premier, yesterday.

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June 17.—Japanese troops, advancing from Anking, Anhwei capital, reported nearing Tsienshan, 30 kilometers northwest of Anking. Fate of town unknown as telephone communication with Hankow interrupted.
Japanese attempts to land troops on south bank of Yangtsze opposite Anking unsuccessful.
Railway communications between Hankow, Chengchow and Loyang restored.
Chinese mobile units active on Lunghai Railway in vicinity of Mingchuan, 35 kilometers east of Lanfeng, and also Kweiteh. They are destroying railway tracks and telegraph wires.

June 17.—Indescribe scenes of devastation and misery witnessed by **Reuters'** special correspondent during flight over flooded areas in Honan, where some 500,000 people were forced to leave their homes. Kaifeng anxious over its fate, although protected by 15-foot dyke. Japanese admit troops in Kaifeng are feeling shortage of food. Lunghai Railway submerged at several points. Japanese units in flooded districts being withdrawn.

June 17.—Japan's determination not to deal with the National Government of China reaffirmed by Gen. K. Ugaki, Foreign Minister, in first interview with foreign correspondents. Third Powers attacked for giving aid to China; said there is no room for mediation.

June 17.—U.S. Senate adopted (June 16) resolution moved by Senator Key Pittman, expressing "unqualified condemnation of inhuman bombing of civilian populations."
China Campaign Committee (London) urges members of all parties in House of Commons to agitate for embargo on oil exports from British Empire to Japan.

June 17.—People's Political Council to be inauguarted at Hankow July 1, Council to be composed of 200 members.

June 17.—Gen. Chiang Kai-shek announces formation of a "Three People's Principles Youth Corps" for purpose of promoting resistance against Japan and national reconstruction.

June 17.—Charles Arsene-Henry, French Ambassador at Tokyo, stated that contract had been signed for building a railway from Indo-China to China, but denied France was giving aid to Chinese National Government, according to Japanese Foreign office spokesman.

June 17.—Italy and "Manchukuo" to sign trade agreement on June 21.

June 17.—Gen. Tan Tao-yuan, Hunan Army Commander, who was officially announced to have been killed during withdrawal from Hsuchow, is still alive, though severely wounded.

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June 18.—More than 30 Japanese airplanes bombed Matang, below Kiukiang on Yangtsze River, in relays during past few days in attempt to destroy the boom there. Some 30 Japanese warships concentrated at Tungliu and more than 10 warships each at Tatukou and Wushacha.
Chinese reinforcements arrived at Taihu sector, where Japanese forces from Anking and Shuchen were attempting to march westward into east Hupeh. Fighting in Anking sector centers in vicinity of Tsienshan, where heavy Chinese and Japanese forces concentrated. Yellow River floods are forcing the Japanese to shift their main drive towards Hankow from north Honan to Yangtsze valley. Some 2,000 Japanese troops which sought to push forward from Chungmou between Chengchow and Kaifeng in direction of Lunghai Railway, forced to retire owing to floods. Chinese forces in eastern sector of Lunghai Railway active, in vicinity southeast of Pihsien and east of Taierchwang.

June 18.—Japanese naval aircraft launched attack on Hainan Island, June 17; heavy damage said done at Hoihow. Attack following Japanese charges of French military assistance to China.

June 18.—Jen Pao-an, head of "Land Bureau of Ta Tao Government of Shanghai," shot and killed by gunmen while he was host at dinner at Chinese restaurant on Foochow Road. One sing-song girl also killed. Gunmen escaped.

June 18.—Japanese Foreign Minister Gen. Ugaki said Japan desired to revise Nine-Power Treaty in course of interview with foreign correspondents at Tokyo. Reiterated allegation that French were assisting China; said withdrawal of German advisors was a "painful blow to the Chiang Kai-shek administration"

June 18.—"Bowl of rice" parties held in 2,000 towns throughout the United States (evening of June 17) to raise funds for Chinese war refugees. Campaign was sponsored by Col. Theodore Roosevelt.

June 18.—Finance Minister S. Ikeda urged Japanese people to lower living standards in order to achieve objective in China campaign.

June 18.—Gens. Yu Han-mou and Wu Teh-chen, military and civil leaders of Kwangtung, denied Japanese rumors that sensational **coup d'etat** would take place in Kwangtung in near future. Said rumor-mongering was an old Japanese trick which would no longer work. Kwangtung people are and always will be loyal to Central Government, the two leaders assert.

June 18.—Peiping and Nanking puppet regimes issued simultaneously attacks against the Kuomintang, National Government and Gen. Chiang Kai-shek. The Peiping statement issued in the name of Wang Keh-ming urged cessation of war and pleaded for peace.

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June 19.—At least four Japanese warships were sunk by Chinese aircraft near Anking, Anhwei capital, Chinese Aviation Headquarters in Hankow announce. Eight Chinese bombers participated in attack, which, though engaged in combat by twelve Japanese pursuit planes, all returned to their bases safely. Capture of Tsienshan, west of Anking, by Japanese, denied in Hankow, garrison of city strengthened with arrival of reinforcements.
Small Japanese detachment landed at Tikang, west of Wuhu, but was "quickly repulsed," according to Hankow report. South bank of Yangtsze near Kweichih, 30 miles from Anking, flooded.

June 19.—Hankow authorities reject peace plea made by the Peiping regime, believe statement issued at Japanese inspiration, indicating that Japan was "becoming exhausted from long was with China." "Peiping puppete have no status and are in no

position to speak for Chinese people," was Hankow comment.

June 19.—Considerable significance seen in sudden departure (June 18) of Soviet Ambassador Luganets-Orelsky for Moscow by air.

June 19.—Gen. Pai Chung-hsi, Kwangsi military leader, elected Chairman of Executive Committee of Chinese Mohammedans' Association. All Mohammedans in China urged to join in campaign of resistance against Japanese.

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June 20.—Severe fighting in vicinity of Tsienshan, west of Anking, indicated that Japanese are attempting to drive on Hankow by both land and up the Yangtsze. One Japanese Division landed at Anking launched severe attacks on Chinese positions at Tsienshan since June 17. Chinese forces now holding positions in hills west of Tsienshan. Chinese column claims to have cut off rear of Japanese troops at Shuchen, 100 miles north of Anking. Japanese troops landed at Tikang, west of Wuhu night of June 18, but forced to retire to their ships.

According to Hankow report, Tsienshan still in Chinese hands; Japanese attempts to cross over the flooded Tsien river have been frustrated.

June 20.—Japanese admit "one Japanese transport was slightly damaged" when nine Chinese planes bombed Japanese warships yesterday.

June 20.—Japanese claimed Chinese guerillas in armies of Gens. Gens. Shih Yu-shan and Tsao Fu-lin surrounded near Mengcheng in north-western Anhwei and Tsohsien in southwestern Shantung. Chinese guerillas consisted of troops which retreated into remoter districts after fall of Hsuchow in order to harass Japanese rear.

June 20.—Floods of Yellow River have passed Chowchiakow, about 75 miles southeast of Kaifeng and 50 miles due east of Yencheng on Peiping-Hankow Railway.

June 20.—Japanese troops have been transported up the Yangtze through Shanghai during past few days; reported no fewer than 20 transports, convoyed by two destroyers, two mine-sweepers and four gunboats, were observed passing Nanking; aircraft carrier with 150 planes convoyed towards Kiukiang, according to report in **The China Press.**

June 20.—Japanese foreign office spokesman warned that Japanese would occupy Hainan Island if necessary; contended this would not contravene Franco-Japanese Agreement of 1907.

June 20.—Japanese Foreign Minister Gen. Ugaki, in notes to foreign diplomatic representatives in Tokyo, announced probable extension of "danger zone" in China to include vast territory south of Yellow River bounded by Sian (Shensi capital) in west, Ichang in Hupeh, Hengyang in Hunan and Pakhoi in Kwangtung.

June 20.—Execution in June 17 of Gen. Lung Mo-han, Commander of 88th Division, announced in Hankow. Gen. Lung charged with failure to carry out orders in defence of Lanfeng.

June 20.—After travelling in North China from Chingwantao to Paotow and from Tsinan to Peiping, Dr. Carleton Lacy, Secretary of American Bible Society, declared in interview with **The China Press** that the control of the Japanese army over this wide area does not extend far beyond the glitter of bayonets of its sentries. Wide-spread narcotic traffic prevails in all northern towns, Dr. Lacy stated.

June 20.—"Something must be done to restore civilization to sanity, which will at least stop the killing of the helpless and innocent by the warring forces," declared Norman Davis, Chairman of the International Red Cross and former United States Ambassador-at-Large, at a session of the Red Cross conference held at London.

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June 21.—Japanese forces attempting to drive on Hankow in four columns; first from Mengcheng toward Choshan on Peiping-Hankow Railway; second from Chengyankwan towards Sinyang on Ping-Han Railway north of Hankow; third from Hofei via Luan; fourth from Anking towards Kwangchi via Taihu. Japanese troops advancing towards Taihu, southwest of Tsienshan, Chinese holding positions between Tsienshan and Taihu; counter-attack on Tsienshan planned.

According to reports in Shanghai shipping circles, some 70,000 Japanese soldiers passed through Shanghai on their way to Anking area during past week.

June 21.—Chengchow situation considerably eased; city believed secure. Western section of Lunghai Railway remains endangered by presence of Japanese troops on southern section of Tungpu railway in south Shansi.

June 21.—Japanese planes bomb Wuchow, Kwangsi port; and Swatow, Kwangtung. Six persons in Swatow wounded.

Military operations in South are likely, according to Japanese Embassy spokesman in Shanghai.

June 21.—At meeting of League of Nations Opium Advisory Committee, Stuart Fuller, American delegate, said that according to reliable information received by him, on April 3 of this year an armed Japanese vessel had arrived at Macao from Iran carrying 2,000 chests of raw Iraw Iranian opium. About 1,100 chests were later shipped to Shanghai and the remainder to Formosa.

June 21.—Y. C. Yang, Chinese charge d'affaires in Tokyo, arrived at Hankow from Hongkong by air to report to Foreign Office on closure of Chinese Embassy in Tokyo.

June 21.—Use of word "Peiping" banned by order of the "Peiping Provisional Government."

June 21.—Chapel of American Presbyterian Mission in Haichow bombed during recent Japanese air raid, according to reports received by American Consulate-General in Shanghai.

June 21.—India unreservedly supports China in her fight against Japan, declared Pandit Jawaharlal Nehru, former Chairman of Supreme Executive Council of Indian National Congress, in an interview in Paris last night; announced that Hindus were helping the anti-Japanese boycott.

Encouraging Signs Seen in Reports of Local Companies

Despite the heavy hand of Japan's military in the Shanghai area, and the continued stifling of trade by continuance of Sino-Japanese hostilities, the city notes from time to time, encouraging signs and, among these are the cheering reports issued at the annual meetings of local companies or foreign firms which maintain branch offices at Shanghai.

At a recent meeting of Kelly & Walsh, Ltd., directors reported that while earnings of the Hongkong and Singapore branches showed appreciable increase, the Shanghai firm suffered because of last year's warfare here. Officials said that while they did not feel justified in recommending more than a 50-cent per share dividend at the present time, it was their intention, unless some unforeseen reason should arise to prevent it, to declare an interim dividend of 50 cents per share later in the year.

The Whiteaway, Laidlaw & Co., Ltd., meeting held in May in London, also offered a satisfactory report to their shareholders. Substantial increases were reported from India, Ceylon, Malayas, Java, Sumatra, Kenya Colony and South America. Regarding China, directors reported that the general improvement in trading during the early part of 1937 was satisfactory, but the war adversely affected the company's trading in Shanghai (one of its largest stores), although not so much as the company feared at one time. The Hongkong and Tientsin branches, small compared with the Shanghai store, showed increases may partly have been accounted for by the conditions in Shanghai, directors said.

Moutrie & Co., Ltd., reported a net profit of $76,072 for the year 1937. Directors said they were unable to recommend any dividend due to the fact that, apart from the amount invested in local shares and debentures, all their liquid funds were being utilized in financing the increase in their turnover which had taken place during the past few years. They said stocks were correspondingly higher at $440,661.50, a contributory cause being the fall in the exchange value of the Shanghai dollar.

The annual meeting of the Commercial Union Assurance Co., Ltd., held in London in May, reported that hostilities in China have had an unfavorable effect on the substantial volue of business they derive normally from China. They reported that the bombardment of Shanghai and other towns caused great damage to property, but since their policies do not cover war risks, they were not affected.

The Padang Rubber Company, Ltd., at a recent meeting here, voted a final dividend of five cents, bringing the total for the year up to eight cents.

Greek—U. S. Tobacco Firm to Be Sold

The Ching Chang Tobacco Company, a joint Greek-American concern and one of the biggest tobacco companies in North China, will be sold to the Manchuria Tobacco Company, according to local press reports. Negotiations between the two companies are now in progres sin Hsinking, it is further stated.

Ricksha Builders Increase Prices

Ricksha manufacturers have announced an increase in prices of about $20 a vehicle. It is reported in Chinese circles that on account of the unfavorable exchange rates, the cost of ricksha accessories, which have to be imported from abroad, has soared 30 per cent.

Services Held for Slain Japanese Employes

Memorial services honoring five members of the Inouye squad of the Ministry of Public Security of the "Reformed Government" of China and members of the Japanese Military Special Service Section, who were killed recently in Central China, were held at the Nishi Hongan Temple on July 10, the *Mainichi* reported.

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Sinpu	*Chuenchow*	*Shihkaichuan*	Kiukiang	Chengtu
Chinkiang	*Yenping*	Tsingtao	Chengchow	*Wanhsien*
Yangchow	*Kien-ow*	Tsinan	Kaifeng	*Santai*
Hsiakwan	*Pucheng*	Pengpu	*Loyang*	HANKOW
HANGCHOW	*Santu*	Wuhu	Sian	*Wuchang*
Ningpo	CANTON	Anking	*Nancheng*	Changsha

FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA, AND HONGKONG

Impasse On the Manchurian Border?

TIME and again within the last seven years, "incidents" have arisen on the Manchurian-Soviet border, but each time diplomacy was successful in absorbing the shocks. With each flare-up, observers saw in it the tinderbox to set off the dynamite of war between Russia and Japan, perhaps, even a world conflagration. But nothing ever happened, except some "face-saving" grumbling at Tokyo and at Moscow. Comment on the latest incident falls into about the same category of stock predictions: "Here is the theater for inevitable war."

Shanghai's Chinese language newspaper, the *Morning Leader*, offers a sound views on the situation. The *Leader* says:

"At a time when the Japanese forces are feverishly driving on Wuhan and South China, the lastest border clash at Hunchun, where 40 Soviet troops were alleged to have forcibly taken possession of a point claimed to be "Manchukuo" territory, is indeed fraught with grave possibilities. The Japanese-Soviet relations before and after the outbreak of Sino-Japanese hostilities, the paper continues, has been a topic of wide speculation. The present border clash at this moment will give rise to fantastic notions, and it may be possible that when and if the present situation is calmed down, some people may utilize this incident as now materials for anti-Soviet propaganda.

"Some people, have been expecting too much from Soviet Russia and lack confidence in China's own power of resistance They are of the opinion that the future of our armed resistance would be deemed if the Soviet Union refuses to enter the Far Easten conflict on the side of China. This conception is entirely erroneous. It should be noticed that as a result of the one year of armed resistance, China's fighting strength has been greatly increased and her national unity further consolidated. This amply proves that China's final victory does not depend on Soviet Russia's participation in the current war . . . .

World Attack Coming?

"It is discernible," concluded the paper, "that Japan's invasion of China is a step toward carrying out her plan to attack Soviet Russia, Britain, America, France and the Netherlands and that her attack on Soviet Russia, when and if launched, will be also a stop toward the realiztaion of her program for the conguest of China, Britain, France, the Netherlands. Whether or not the present border clash will develop into a major war largely depends on the attitude of Japan, that is, whether Japan could muster enough courage to touch the 'Bear of the North Pole.' We are of the opinion that the present tension on the 'Manchukuo' border presages Japan's southward advance. In plain words, it is a preliminary stop toward the separation of Britian and France in order to occupy Hainan island."

The editorial pages of this issue of the *China Weekly Review* make comment on the existing friction between Russia and Japan. Herewith, are events in the "incident" in chronological order:

Rome, July 15.—A warning to Soviet Russia that Italy and the Reich would support Japan if she were attacked by Moscow was made in a letter to the *Tribune* today by Signor Corrolo Zoli, former governor of Eritrea.

Tokyo, July 16.—Fears were expressed in Hsinking tonight that serious incidents might occur if the Manchukuo authorities attempt to eject 40 Soviet soldiers forcibly from a point claimed to be Manchukuo territory. Manchukuo political circles regard the present impasse as serious because the government alleges the Soviet soldiers are erecting fortifications in territory which it claims indisputably belongs to Manchukuo. At the same time, Tokyo revealed that a strong protest against the incident was lodged in Moscow July 15. The withdrawal of Soviets troops was demanded in the note.

Tokyo, July 16.—Strain on the strife-ridden Manchukuo-Soviet border remained unabated tonight as Japanese and Manchurian military authorities awaited a reply to the protests filed by Tokyo and Hsinking regarding the allegedly illegal occupation of Hunchun by Red forces. A Hunchun dispatch quoted Japanese army men as asserting that they would be compelled to take action should the Soviet forces continue to build defense works in the invaded area.

Tokyo, July 17.—The present situation at Changku was not clear tonight, but it was generally presumed that the troops were remaining and that the Soviets were adopting a firm attitude. The Japanese press reported that Marshal Bluecher, commander-in-chief of the Soviet Far Eastern Army, would be recalled to Moscow to report on the flight of General Lushkov to Japan. Other quarters in Japan feared that the newest Russian act indicates that they intend to enter the Far Eastern conflict on the side of China. An important meeting will be held in Moscow between the Soviet ambassadors to China, Britain and France as well as high officials of the Ministry of Foreign Affairs, according to Japanese reports from Berlin today here. The agenda includes the following two important problems, they state: (1) Assistance to Generalissimo Chiang Kai-shek as well as Soviet attitude toward the Spanish civil war and the Szechoslovakian problem; (2) The "purification" of the Party and readjustment of industrial production in the country. A total of 200 heavy bombers is being sent to China from Soviet Russia, according to other local Japanese reports. It is stated that these bombers are the best of their kind, carrying each 10 pilots, radio operators and mechanics. It is reported that there are not sufficient men to pilot these bombers in China.

Moscow, July 17.—The news agency, *Tass*, denied reports that on July 11, Soviet troops invaded the region West of Lake Chanchi and occupied territory belonging to Manchukuo. They said not a single Red Army man has crossed the Soviet frontier.

Hsinking, July 18.—Command of the Soviet Amur River Fleet and of the Central Army's Flying Corps has been withdrawn from Marshal Bluecher, according to unconfirmed but usually reliable reports reaching here today.

Tokyo, July 18.—Increased tension along the Soviet-Manchukuo border was indicated today in reports that a Japanese gendarme was killed by Soviet soldiers near the scene of the "invasion" and that new troops movements are taking place near the invisible boundary. Statesmen in Tokyo, however, clung to an optimistic view of the situation and expressed the opinion that the incident will be settled amicably if the Soviet government "deals with the affair honestly."

Moscow, July 18.—Moscow newspapers declare that ultra-sensational reports on a war emergency in Siberia are sheer fabrication and Fascist propaganda.

Tokyo, July 18.—With tension on the Soviet-Manchukuo border heightening, Mamoru Shigemitsu, Japanese ambassador to

"Don't Go Too Far"—Cartoon in Sunday New York *Herald-Tribune* by F. Strothmann. The underline read, "Fascist powers bluff and grab what they can—but they dare not go too far.

Moscow, returned to his post today, cutting short a visit to the Balkans and Scandinavia. Meanwhile, Hsinking dispatches said the Manchukuo government ordered its foreign affairs commission to file a renewed protest with the Soviet consul-general there. The reported Soviet refusal to withdraw, has caused Korean and Manchurian villagers at the base of Changkaofeng Hill to evacuate.

Tokyo, July 19.—General Ugaki, Japanese Foreign Affairs Minister, cabled Ambassador Shigemitsu in Moscow today, instructing him to repeat the Japanese protest "on the invasion." At the same time, the foreign office claimed that Changkaofeng Hill lies within former Chinese territory. Reports from Seoul indicated that Soviet troops along the border were increasing, and that a motorized unit and a body of cavlary had arrived. Observers attach importance to the return to Moscow of Ambassador Shigemitsu.

Warsaw, July 19.—This city has haerd that 250 Soviet military aircraft attached to the Central Ural Aviation Corps have been ordered to proceed at once to Habarovsk. Increased by recent transfers to Siberia from European Russia, the Soviet Far Eastern Army has been reinforced to the point where it can place 200,000 men in the field. An emergency military conference has been summoned today in the Kremlin by Dictator Joseph Stalin.

Hsinking, July 19.—Negotiation on the border incident have virtually broken down. The Manchukuo Border Defense Headquarters yesterday sent a request to the Soviet Border Defense Headquarters that Soviet Soldiers be withdrawn from Manchukuo territory. Last night, Nobusada Shimomura, of the foreign commissioner's office in Harbin, lodged a protest with M. Stepan Kuznetsoff, Soviet charge d'Affaires. Press reports said that the Soviet official "failed to give a favorable answer but asserted that the territory now occupied by Soviet soldiers is Soviet land." As a result of this stand, the negotiations ended in a virtual stalemate, reports said.

Tokyo, July 19.—Kuznetsoff, Soviet charge d'Affaires at Harbin, left this morning for Moscow on a furlough.

Tokyo, July 20.—Soviet forces along the Manchukuo frontier were making widespread preparations for war while the Japanese foreign office renewed protests to Moscow, reports here said. Soviet troops were being reinforced along the border while Soviet officers were said to be supervising erection of barbed wire entangle-

Who's Who in China

Shao-chang Shing, Civil Engineer; born at Chengtu, Szechuen, 1889; educated at Imperial University of Peking; entered Cornell University, U.S.A., Sept., 1913, obtaining Civil Engineer degree, June 1917; practising engineer of Pennsylvania Railroad Co., the Ohio Railway Co., and Southern Railway Co.; after returning to China, was for one time instructor at Peking University, Peiping; chief technical expert of the Aviation Department, Peking Government; general manager of the China Industry Developmg Corporation at Peiping; engineer at the Mukden Arsenal; superintendent of Works Department of the Chinese Eastern Railway; now chief technical expert of Bureau of Reconstruction of Szechuen Provincial Government; author of "Design of Railway between Chengtu and Chungking," and "Report on the Inspection of Highway of Szechuen;" Address: Szechuen Development Company, Chengtu, Szechuen.

盛紹章

Shao-chang Shing
(Sheng Shao-chang)

Housing Problem Serious in Hongkong

The population of Hongkong and Kowloon has reached a total of more than 1,400,000, a new record in the colony's history, *Domei* reported. Prior to the outbreak of hostilities, the colony's population was about 400,000, of whom three-fourths were Chinese. As a result of the increase of population, the house accommodation problem has become more and more serious in Hongkong. The authorities there also find it difficult to enforce the house sanitation regulations due to overcrowding.

ments in many places along the frontier. Official reports, however, said that Russo-Japanese negotiations were developing favorably.

Tokyo, July 21—Japan is said to be quite ready to respond to any reaction of the Soviet government in connection with the incident. Officials said the seriousness of the affair depends entirely upon the attitude of the Soviets. Meanwhile, Japan's ambassador in Moscow was instructed to repeat the protest to the Kremlin.

Children's Summer Health Troubles.

In the summer months children are prone to health upsets. They get overheated at play with the consequent danger of chills, they eat ice-cream and other delicacies injudiciously, and fruit which may be out of condition; they swallow too many cold drinks and generally run health risks mainly through ignorance of the possible consequences of their actions. Parents should be even more vigilant than usual at this time of the year, ready to correct any health irregularity at the first sign.

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Their action is mildly laxative, and by cleansing the stomach and bowels they eliminate disease germs before these germs are able to cause trouble. For the immediate correction of the minor health troubles of children's early years there is nothing more reliable than "Baby's Own." Being pleasant in taste children like them, so they are

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REALLY
DELICIOUS
IS

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MODERN
ELECTRIC
COOKERS

FOR RENT
AT THE
SHANGHAI POWER COMPANY

In the United States Court for China

In the matter of the change of name of Constantine Melnicove	Cause No. 4339 S. P. No. 2218 Notice

Notice is hereby given that Constantine Melnicove, an American citizen residing in Shanghai, China, will petition the United States Court for China, on the first day of August, 1938, at ten o'clock a.m. thereof, for authority to change his name to HUGH ALEX. CONNINGTON.

Any person interested may, on or before the said first day of August, 1938, offer and show cause to said Court why the said petition should not be granted.

William T. Collins,
Clerk

July 23, 1938.

Men and Events

Lt.-Col. Jiro Saito has been appointed Japanese military attache at Bangkok, Siam.

J. V. Crowe, manager of Ford Motor Company, Exports, Inc., departed this week on a bussiness trip to Manila.

Lt.-Col. W. A. Lovat-Fraser, O. B. E., British Military Attache in China, departed this week on a trip to Hongkong, Canton and Hankow.

Shogen Ozeki, chief of the customs section, and Bunzo Kubo, director of the accounts settlement section, of the Japanese Ministry of Finance, arrived in Shanghai this week.

Lt.-Gen. Bunzaburo Kawagishi, who commanded Japanese troops on the Central China front, has been appointed commander of the Eastern Defense Sector in Japan.

The *Hwa Mei Wan Pao* published a report on July 15 claiming that two Chinese, accused of stealing electric wire in the Pootung section, were buried alive by Japanese soldiers.

Dr. Chang Po-ling, president of Nankai University at Tientsin, which was destroyed by the Japanese Army in the course of the fighting at Tientsin, is now in Chungking, where his school is now functioning.

Paul V. McNutt, U. S. High Commissioner to the Philippines, has been "endorsed" for the Presidential nomination by the *Washington Post*. The paper said that few candidates possessed the vigor and the foresight of Mr. McNutt.

A large number of Japanese railwaymen have been brought to Shanghai for the purpose of rehabilitating the Shanghai Nanking-Hangchow and Tientsin-Pukow railway lines. The men were selected by the Japanese ministry of Railways.

While reports had been circulated that Dr. Chen Yuan, president of Catholic University, Peiping, was planning to resign, the university authorities on July 13 officially denied the report in the form of a statement published in the Peiping newspapers.

The Governor of the British Colony of Hongkong, Sir Geoffry Northcote, was schedulted to make a trip to Canton this week for the purpose of making an official call on A. P. Blunt, British Consul-General at Canton. He will also call on Chinese officials while there.

The Shanghai *Nippo* reported this week that the British Government had appointed the Governor of Hongkong as Commander of all British military, naval and air forces in the British Colony. The action was taken on account of the aggravated situation in the Far East.

According to the *Sin Wan Pao*, the population of the International Settlement is now 1,218,630, of which number 1,178,880 are Chinese and 39,750 are foreigners of various nationalities. The population of the Settlement prior to the outbreak of the war was approximately 1,000,000. The population of the entire city was estimated at 4,000,000.

The Manchukuo Government on July 16 appointed Lu I-wen, former governor of the Tunghua district, as the puppet state's Minister to Germany. Prior to his appointment, Lu was employed in the Changchun Foreign Office and also as secretary to the Premier Chang Ching-hui.

Chin Lain, 69 year old president of the Chinese "Six Companies" in San Francisco, who died recently, will be buried in China, in accordance with his expressed wish. He was given an American-style funeral on July 13 which was attended by practically all Chinese in the city and also by many Americans.

The Ministry of Foreign Affairs at Hankow has notified the U. S. Government of China's intention to participate in the World's Fair, scheduled to the held in New York City next year. Arrangements have been made for sending 1,200 cases of Chinese products and works of art for display at the exposition.

According to the *Ta Mei Pao*, the Japanese are still detaining Yang Wen-lung, Chinese customs guard who was abducted on the Shanghai Bund several months ago by Japanese plain-clothes men. The report stated that Yang was wounded at the time of his kidnapping and has been in a hospital much of the time.

R. A. Henningson, administrator of the estate of the late Dr. W. H. Downs, has published a notice in the local newspapers stating that Dr. Downs' dental practice has been turned over to Dr. Ralph Dunn of Long Beach, Cal. Dr. Dunn is connected with the dental office of Drs. Isenman and Smith in Shanghai.

Oong Ching-foh, 26 years of age, was sent to jail for four months on July 16, for abducting a 17 year old girl and forcing her to live in a brothel for a period of 7 months. Lee Zang-sz, proprietress of the house was given a year and a half in jail. The girl was kidnapped last January and only managed to escape a week ago.

Tokyo has sent three delegates to attend the session of the International Parliamentary Congress at the Hague, August 22 to 27, Ryozo Makino, Seiyukai Party; Shigeharu Kasai, member of the House of Representative; Yinyu Miyazawa, Minseito Party. According to the report from Tokyo the Japanese delegates will "explain Japan's attitude on the China hostilities to the parliamentarians from other countries who attend the Congress."

The U. S. Government has appointed a Filipino, Dr. Leopold Yichanco, as one of America's seven delegates to the International Entomological Conference to be held in Berlin on August 15.

The China coastal steamer Shuntien, bound for Chefoo, which sailed from Shanghai on Friday of last week, had a passenger list of 34 White Russian young women who will serve as dance hostesses in the Shantung port while the China Squadron of the U. S. Pacific Fleet is stationed there. The girls will return to Shanghai in September and October.

M. Fischer, recently appointed German Charge d'Affaires at Hankow, in place of Ambassador Oskar P. Trautmann who was recalled to Berlin, first came to China in 1907 and served with the old German Legation in Peiping and at consulates in Central, North and West China. After 1917 he served with the Foreign Office in Berlin, returning to China in 1926.

Thirteen Japanese newspapermen, representing papers in various parts of the country, are scheduled to sail for Germany on August 30. Upon arrival in Berlin they will be the guests of Dr. Joseph Goebbels, Minister of National Enlightenment and Propaganda. After a month in Germany the party will go to Italy for a brief visit before returning to Japan.

Mrs. Margaret Proctor Smith and Miss Florence Whipple Powers, both of whom have traveled extensively in China, have opened a display of Chinese works of art in Louisville, Kentucky. The articles displayed consist of antiques, home decorations, costomue accessories, tea, crystalized ginger, gifts of various descriptions and a number of portrait sketches by Miss Powers.

According to announcement this week, the Shanghai office of *The London Times* will be located at No. 34 Ave. Edward VII, Sixth Floor. Correspondents in charge are David Fraser and C. M. McDonald. Mr. and Mrs. McDonald recently removed to Shanghai from Peiping and are residing at Cavendish Court, 525 Ave. Petain. Mr. and Mrs. Fraser reside at 62 Route Boissezon.

The Japanese authorities announced that Gen. Fu Wen-chu, former battallion commander in the Chinese army and 10 other Chinese, were arrested in Nanking on July 18 on charges of "plotting to disturb the peace in the principal cities in Japanese occupied areas. The Japanese also announced the arrest of Hsu Hsi, allegedly leader of a guerilla band. He was arrested 12 kilometers from one of the city gates, according to the report.

A conference of Japanese and American students opened at Keio University on July 18, the number of delegates present being 155, of which 50 were Americans, chiefly from colleges and universities on the West Coast. Japanese delegates have been under special training for the meeting for several weeks. According to *Domei*, the delegates will be in conference for six days, discussing "political, economic, educational and industrial problems of the Pacific and the world, and the role of the Arts in Life." Following the conference the American delegation, composed of 25 men and 25 women, will be taken on a tour of Manchukuo.

The Japanese authorities have decided to establish a memorial library and museum in Nanking in commemoration of the Japanese occupation of the Chinese National Capital. The library and museum will be established in the premises of the Central Research Institute of the Ministry of Industry. First materials to be placed in the institute will be documents and books collected from various universities (ruins) within Japanese-occupied areas. The committee having charge of the enterprise is composed of Tatsuichiro Funatsu, director of the Japanese Cotton Mill Owners Association; Dr. Shinzo Shinjo, president of the Japanese Science Institute; Chozo Ouchi, president of Tung Wen College, and chairman of the Dojin Kai, Japanese benevolent Society. The decision to establish the library and museum was taken at a meeting of officials of the Foreign Office in Tokyo on June 16. It also was decided to establish a factory for the manufacture of vaccine in Shanghai.

The U. S. Government has taken action to honor the memory and assist the widow of a former officer in the U. S. Navy who was well known in the Far East—in Manila and on the China coast. In 1904 Lieut. Mons Monssen, then a Chief Gunner's Mate on board the battleship Missouri, saved his ship from destruction and at the same time the lives of some 600 officers and men. The ship was engaged in target practice when a gust of wind blew sparks back into the turret setting afire a quantity of powder. Monssen, a Norwegian by birth, leaped into the magazine, slammed the door, and beat out the fire, while the crew flooded the chamber. At the official inquiry, Monssen received credit for saving the ship. After service in the Far East he retired in 1925 with the grade of lieutenant. Eight years ago he died and his widow was given a $30-a-month pension. Recently she was found to be in difficult circumstances due to a mortgage on her home. Secretary of the Navy Swanson announced that one of the new destroyers, DD 436, had been named the Monssen. As a result of the publicity the widow's troubles over the mortgage on her home became known and as a result of that Representative Daniel O'Toole of New York introduced a bill in Congress increasing Mrs. Monssen's pension to $100 a month.

Hallett Abend, manager of the *New York Times Bureau* in Shanghai is departing shortly on a trip to Japan.

Richard Tennelly of the staff of the Washington (D. C.) *Daily News* has joined the staff of the Japan Advertiser, Tokyo.

Colonel T. Hamada has arrived in Shanghai to assume charge of the press section of the Japanese Army's special service division.

Richard Masters, recently of the University of Kansas department of journalism, has joined the staff of the *Japan Advertiser*, Tokyo.

James R. Young, *International News Service* correspondent in Tokyo with Mrs. Young and their son, are on a several months vacation in the United States.

F. M. Fisher, correspondent for *United Press* in Peiping, passed through Shanghai this week enroute to Hankow where he will be stationed for sometime.

M. J. Cox, *Reuters* correspondent in Tokyo and a veteran in journalism in the Far East, passed through Shanghai this week on his way to England on long leave. He was accompanied by Mrs. Cox.

Hugh Byas, correspondent in Tokyo for the *New York Times* and the *London Times*, is on a six months vacation in England and the United States. During his absence Frank H. Hedges is representing the *New York Times*, and H. V. Redman, the *London Times*.

The Presidents of 20 leading Chinese universities have issued an appeal to universities and cultural organizations throughout the world, urging that action be taken to prevent the sale of munitions to an aggressor state. Among those signing the appeal were Tsou Lu, president of National Sun Yat-sen University at Canton, Dr. Chiang Mon-lin, President of National Peking University and Chang Ku-yung, President of Chekiang University. The appeal was addressed to Dr. Nicholas Murray Butler, President of Columbia University, New York and Lord Cecil, Chairman of the British League of Nations Union.

New Curfew Regulations

Notice was given by the Municipal Council on July 19 that all persons, both foreign and Chinese, in motor cars, will be allowed by the police to pass during curfew hours. The right, however, is reserved to the police to stop and search any motor car and its occupants should it be considered necessary. Solely at the discretion of the policy, Chinese may be permitted outside their residences in some localities throughout the hot weather during curfew hours. Any abuse of such privilege, or movement from place to place, will lead to immediate arrest, the announcement said.

Ban Lifted on Cotton Shipments to Shanghai

An embargo on cotton shipments, imposed by the Chekiang military authorities because cotton was regarded as a war material, has been lifted, *Domei* reported. Large quantities of cotton, accumulated in Shaoshing, Yu Yao and other producing districts in East Chekiang since the ban was announced, have been permitted to be brought to Shanghai for sale. More than 10,000 bales of cotton were shipped here from South Chekiang last week at low prices, the farmers being eager to dispose of their old stock as the new crops will be on the market before long, the report added.

"Wen Hui Pao" Has No Connection With the "Ta Kung Pao"

In the course of an article dealing with the Chinese press and the present Japanese censorship situation, published in *The Review* on July 16 (Page 214), the statement was made that there was a connection between the *Wen Hui Pao* or "Standard" and the defunct Ta Kung Pao.

As a result of this statement, *The Review* received a letter from E. B. Cumine, Secretary of the *Wen Wei Pao* stating the papers are entirely different institutions. The new paper had employed a small percentage of the staff and used the printing equipment of the *Ta Kung Pao* but the management, editorial policy and organization were entirely different. The policy of the *Wen Hui Pao* is devoted to Anglo-Chinese cooperation.

On Summer Holidays.

A sea voyage is one of the finest ways of restoring jaded nerves and reviving an over-worked body, but it must be approached rationally. The excellent food usually tempts one to over-eat, the inviting deck-chair discourages exercise, with the result that liverishness and digestive disorders frequently ensue.

To avoid such unpleasant reactions and to derive the greatest benefit from your holiday an occasional dose of Pinkettes is what is needed. The gentle laxative action of this ideal aperient keeps the stomach and bowels clean and active, dispels constipation, prevents biliousness and sick headache, tones up the liver. Of all chemists.

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Please mail with statement to
THE CHINA WEEKLY REVIEW
160 Avenue Edward VII
Shanghai

New Books of Interest in the Far East

Sweden's Progress—Without War

Sweden. The Middle Way. By Marquis W. Childs. Yale University Press, New Haven, 1936.

It is unusual that a book of this nature achieves such popularity as to go through eight printings in the course of ten months, with further editions necessary the following year. The copy now under review is from the ninth printing, in February 1937. It is not "red hot" stuff; it does not claim to "shake the world;" it does not promise an earthly paradise if the author and his colleagues are given absolute power and authority. It is simply a careful, balanced, and sympathetic account of social progress in Sweden, one of the countries which has advanced furthest along the road to Socialism today. The popularity of the book is an excellent and significant sign; it is evident that an interest in social and political realism—in connection with a genuine solution of current economic and social problems—is definitely on the increase.

Sweden is one of the countries which in recent decades has not loomed big in the headlines. Its people succeeded in keeping out of the European War, avoided the worst effects of the Post-War economic difficulties, and for many years have been steadily moving towards social democracy and a co-operative order. These things are of the most vital importance to the common people, but obviously are not the stuff from which headlines are made. The present book, however, gives an excellent account of recent developments and the present situation in Sweden, and includes a chapter on Denmark as well. Anyone seriously interested in Socialism and social progress will find the book of absorbing interest, even though most of its facts and figures will not come as news to informed Socialists and co-operative workers.

Sweden was one of those countries which had the great good fortune to be relieved of the burdens of imperialism about a century and a half ago, at the beginning of the Napoleonic wars. Imperial Sweden, weakened and impoverished by its overseas adventures, had to quit the war game. The old royal line itself was supplanted by one of Napoleon's marshals, risen from the ranks, in 1810. Somewhat as in England after the great Rebellion in the seventeenth century, the importation of a foreign monarch meant less real power in the hands of the Throne, and the possibility of parliamentary government and control. In the latter part of the nineteenth century, industrial development brought new forces into being. The organized Socialist and labor movement took an active part in the movement towards universal suffrage, and the elimination of property qualifications for voting. When Norway demanded independent statehood in 1905, a threat of a general strike helped enforce labor's demand that the matter be settled without war. In 1909, the general strike for economic aims in a time of depression failed, largely owing to the defection of the railway workers at the very start. This defeat turned organized labor, to a considerable extent, from syndicalism to political organization and action; two years later—aided by a new "proportional election" system—the Socialists almost doubled their membership in Parliament. They were an important factor in keeping Sweden out of the European War, co-operating with other democratic elements in determined opposition to the upper-class and Court elements which would have driven the Swedish people into the war (on the side of Germany). Though co-operating, and at times forming coalition governments, with other democratic groups on vital questions such as these, the Swedish Socialists never lost their individuality, never lost sight of their ultimate goal—the democratic socialization of the means of production. Four times they have formed governments, recently in collaboration with the farmers' party. Their record of growth and development, and practical achievement, points clearly to an ultimate majority for them in the Swedish parliament, and an exercise of democratic authority for which they are fully prepared. The House of Nobles has already been abolished, and real political power in Sweden lies in the hands of the elected representatives of the people.

In the book under review, Mr. Childs starts with an outline of co-operation—its beginnings, its achievements, and its successful attacks upon international monopolies. A chapter on "Low Cost Housing" is extremely interesting. In its splendid housing program—probably the most genuine achievement in socialist construction so far carried out anywhere—the Swedish Government works hand in hand with the housing co-operatives. There are two main forms of this construction—the big State-co-operative apartment houses, with all facilities for comfortable and modern community living, and the remarkable "Magic Houses," the "magic" in which is really the application of social intelligence to the housing problem. The "Magic Houses" of Stockholm are simply prefabricated houses, sold on long-term credits for the cost of the materials, and built by the purchasers with their own labor, aided by Government instructors and by the necessary assistance of skilled workers. Eighty dollars is the usual down payment for a house of four or five rooms, with all modern conveniences; payment of the balance may be spread over a period of thirty years, in yearly instalments each of which appears to be equal to about a month's rent to a landlord. The land is not sold, but rented from the Government at an annual rate of about five per cent of the value of the land,—virtually equivalent to a land tax. The whole housing scheme is self-supporting, and the Swedish workers are better housed than any others on the continent of Europe, if not in the world.

Other Government industries include lumbering (in which private enterprise also participates), the telephones and telegraphs, the railways (some subsidiary lines are in private hands), the air lines, the liquor and tobacco monopolies, etc. The State is half-owner of the greatest iron mining company, and there is careful control and conservation of all natural resources. The State power system supplies about 35 per cent of the electric power produced in Sweden. The Government's social services inculde the various forms of social insurance—old-age pensions, unemployment insurance, etc. The big public works undertaken in periods of considerable unemployment are in all cases carefully planned for economic as well as social purposes, this being facilitated by the means of communication, power system, etc., being already largely in State hands, so that the objections of powerful competing capitalist interests do not interfere with the useful application of labor in such work. Organized co-operation is not so completely dominant as in Denmark, but more than 20 per cent of the retail and wholesale trade is done in co-operative shops, about 10 per cent of all Swedish manufacture is in co-operative factories, and more than one-third of the Swedish households are enrolled in co-operatives. The author, rather surprisingly, says almost nothing about Sweden's achievements in health work and in social hygiene, in which the country is outstanding among the nations of the world.

The book is a record of real social progress and achievement. It is recommended to all persons interested in such things.

H. H.

"A Course in Colloquial Chinese"

REVIEWED BY HUANG CHIA-TEH (黃嘉德)

Prof. S. N. Usoff's "A Course in Colloquial Chinese," published recently by Henri Vetch of Peking, and sold at $7.50 per volume, is a valuable addition to the many textbooks in beginner's Chinese for foreigners which have already appeared in the market. The book, consisting of an English and a Chinese edition, is the first of a series of four books, and is adapted from the Sixth Russian Edition of "Kitaishii Razgavornii Yazik" ("Colloquial Chinese") in collaboration with Mr. C. Tyrwhitt.

In the words of the author, this textbook is based on what is known as the "direct" method of teaching, i.e., an attempt is made to place before the student the Chinese language *in Chinese*, as far as possible.

The bases upon which the method has been constructed are as follows:

(*a*) It is assumed that a Chinese teacher is essential. He should speak Chinese only. This should not complicate matters as the English volume consists of both romanized and translated texts of each lesson, in addition to grammatical notes.

(*b*) The lessons are conversational in character in order that the simpler colloquial constructions may be grasped at an early stage.

(*c*) Notes on grammar will be found at the end of each lesson. These are so arranged that the student is introduced to the grammatical features of the language gradually, and is at the same time spared all unnecessary details.

(*d*) The complete course aims to take the student from the first stages of elementary conversation as far as the final lessons of Book Four on economics, politics and law.

(*e*) It will be found that even though the student may have no knowledge of Chinese, he will be able to prepare the lessons by himself. By virtue of methodical and constant repetition of the material learned, however, any revision by the student should be unnecessary.

According to the arrangement, the student will use the English edition, and the teacher, the Chinese one. In the English edition, the Wade system of romanization is used. Every lesson begins with a few Chinese vocabularies and phrases, accompanied by the romanized sound in Peking dialect and the meaning in English. The principal part, however, consists of a series of colloquial Chinese sentences in romanized form, and the translated text in English. Such good arrangement is undoubtedly the result of careful consideration on the part of the author. One great defect of the book, in the opinion of the reviewer, is the scarcity of Chinese characters and sentences throughout the student's copy. While the primary object of the textbook is to enable the beginner to master spoken Chinese within a short period of time, it is doubtful whether the student can build a solid foundation in colloquial Chinese without familiarizing himself with the corresponding Chinese characters. According to the "direct" method introduced in the book, the student may learn the Chinese pronunciation rapidly, yet without a basic knowledge of the common Chinese characters, what colloquial Chinese that has been mastered will be forgotten just as rapidly.

The Chinese edition is appended with a dozen pages of drawings illustrating the text to help the teacher in his instruction. The guide to teaching written in Chinese at the beginning of the book

is of good use to teachers. Although the meaning is quite well expressed, yet there are some sentences which are not idiomatic or grammatically correct. Punctuation marks are given only in the lessons, but not in the guide to teaching.

One of the outstanding merits of the volume is the suitable materials chosen. The choosing of materials for beginner's textbooks is really a difficult problem, for in the attempt to make the contents simple, the author oftentimes tends to include childish matter which fail to arouse the interest of the grown up. The book under review contains topics of a great variety, and vocabularies and sentences of everyday use, and are presented in such a way that they will appeal to both young and old. Once the interest of the student is maintained, his progress will be hastened.

Another attractive feature of the volume is the notes on grammar at the end of each lesson in the English edition. The student still be greatly benefited by the explanation of Chinese constructions after he has learned some new words and phrases.

The book will surely be of greater use if arrangements could be made to include more Chinese words and sentences in the English edition, so that in learning the spoken language the student will get valuable help from the student of the Chinese characters.

Through Traffic Interrupted Between Ningpo and Hankow

Through bus traffic between Ningpo and Hankow by way of Kinghwa, Nanchang and Kiukiang, has been interrupted because the motor highway between Ningpo and Kinghwa is destroyed, making it impossible to run buses within that section, according to a Chinese report.

Red Pill Traffic Gains in Hongkong

According to a *Domei* report from the south, the daily consumption of red pills (opium substitutes) in Hongkong has reached the startling figure of 2,000,000. Calculated on this basis, the amount of business done each month is about $1,500,000. The red pills, which were formerly brought to Hongkong from other places, are now produced in the Colony on a large scale, there being at least 1,000 plants for the manufacturing of the pills, with about 3,000 dens acting as sales agents, the report said. The addicts are mostly middle-class Chinese, some of whom consume as many as 700 to 1,000 red pills a day, according to the report.

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Such was the case of Mary Toyne, and with a desire to be helpful to other parents, this young girl's mother, Mr. A. Toyne, of 115 East Avenue, South Elmsall, Yorks, England, recently related the following facts of her case.

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Japan's Employment Problem Becoming Serious

What to do with an excess army of a million "inessential workers" temporarily jobless because of the nation's concentration on "military industries" has become an important Japanese Government problem.

To devise ways and means of absorbing the dispensables into the nation's economic life and keep them on a payroll, the Government on July 11 decided to organize a Central Unemployment Commission of 40 members. This emergency "brain trust" will be presided over by Marquis Koichi Kido, Minister of Public Welfare. At the same time provincial unemployment committees will be organized. It is estimated that the number of unemployed will exceed one million eventually, Government officials, hope that the majority of these can be absorbed by the munitions and heavy industries, which have been complaining of a shortage of hands recently.

Since the Government enforced limitations on the output of factories deemed to be making non-essentials or "luxuries" from a wartime viewpoint, thousands of workers whose toil did not contribute toward the manufacture of the paraphernalia of war—shells, guns, bombs, planes, soldiers' boots and messkits, etcetera—have found themselves relegated temporarily to the background of the labor picture.

Use of Specie Urged

The Central Price Policy Commission, an official body, has passed a resolution urging the Government to use part of the Bank of Japan's specie reserves to assure the smooth importation of raw materials needed for the manufacture of export articles, according to the *Asahi*.

Since S. Ikeda, the Finance Minister, assumed office, the newspaper says, he has been trying to increase such imports. The *Asahi* places the Bank of Japan's specie reserves at 800,000,000 yen.

Seeking to control maximum and minimum wages of workers and conditions of employment, the Labor Bureau of the Ministry of Public Welfare has decided to invoke necessary labor clauses of the national mobilization law. After conferences with the National Planning Board and obtaining Imperial sanction the Ministry will issue a decree to enforce labor regulations designed to produce the maximum efficiency in war-time industries.

Invocation of Article VI of the National Mobilization Law, authorizing the Japanese Government to fix maximum and minimum wages for workers, was decided by the Cabinet this week. An Imperial ordinance probably will be promulgated soon to put this provision into effect.

Fifth Bond Issue Planned

Plans for a fifth patriotic bond issue in the middle of August were announced recently by the Tokyo Finance Ministry. The bonds will be in Yen 10 denominations Sales of the fourth issue of national bonds, which were put on the market in June, proved so successful that subscription totalled Yen 72,000,000. This issue was over-subscribed in the amount of Yen 22,000,000.

France Halting Japanese Imports

Reports published recently about the temporary prohibition of Japanese imports into France, are aimed to secure payment of arrears on French exports to Japan and also of sums involved in current transactions, authorized quarters in Paris revealed. Among the prohibited imports, it is noted, are readymade clothes, furniture, radio valves, packed salmon and porcelain.

Since early in 1937, when Japan instituted import and exchange control, it is recalled that demands of French exporters wishing to repatriate their funds were gradually refused. This resulted in an important decrease in French exports to Japan. In May, 1938, exports totalled Yen 919,000 as compared to Yen 3,351,000 in May, 1937, statistics reveal. Despite this great decrease in French exports, Japanese imports lessened by a mere Yen 50,000, the balance of Franco-Japanese trade being favorable to Japan. Even so, French exporters have been unable to repatriate their funns. Authorized circles hope, however, that the suspension of some Japanese imports will have the desired effect and will be only temporary as a result.

Restrictions on Japanese Favored

In order to control Japanese financial institutions in North China, Japanese Army authorities are maintaining that Japanese banks, except the Yokohama Specie Bank and Bank of Chosen, should not be allowed to start business in North China, official quarters in Peiping disclosed last week. Army authorities were said to hold that foreign exchange business in North China should be conducted by the Yokohama Specie Bank exchange transactions with Japan by the Bank of Chosen.

Authorities of the Bank of Chosen and the Yokohama Specie Bank are making arrangements between them regarding deposit interest rates, which will be regulated in Peiping and Tientsin on the same basis as in Japan and gradually extended to other branches in North China. Similar arrangements will be made between both banks regarding remittance fees.

The Bank of Chosen is going a step further in unifying Japanese financial institutions by taking over the business of the Tientsin Bank and Tsinan Bank, both Japanese institutions, it was revealed. The Bank of Chosen and the Yokohama Specie Bank have been adopting a license system on loans exceeding sums designated under a business arrangement with the "Federal Reserve Bank of China."

Japan Spurns British and U.S. Demand for Reopening of Yangtsze

British representations requesting, in vigorous terms, the prompt reopening to general navigation of the Yangtsze were rejected or Japan's "Inner Cabinet" July 18. Also set for rejection was the British demand that representatives of British bondholders be permitted to inspect the Shanghai-Nanking Railway.

Permission for such activities, the five key ministers of Prince Ayamaro Konoye's Cabinet decided, would be "withheld for the time being." The "Inner Cabinet," however, confirmed a decision of the Ministries of War, Navy and Foreign Affairs to permit the return of British and American residents to Nanking and other points along the Yangtsze "wherever conditions permit."

Political circles attached exceptional importance to the fact that the "Inner Cabinet" had dealt with such concrete questions, whereas, hitherto, that body had limited itself to setting the course of various policies. Actual enforcement was, up to now, left to the Government agencies in Tokyo and on the spot. Tokyo commentators tended to see in the decisions of the "Inner Cabinet" an effort by responsible officials to implement by action Japan's often repeated assurances that she did not intend to utilize the hostilities in China as a means to oust foreign influence from China, *Domei* reported.

Chinese propaganda alleging that Japan was "slamming the door" of China to all but herself, informed circles admitted, had reacted unfavorably upon Japan's foreign relations. Prompt action to "show Japan's good faith" was being felt to be imperative. The decision of the "Inner Cabinet" to deal with those questions itself was believed to have been prompted by such a realization, *Domei* said.

This selected group of ministers, who gather in conference specially to discuss questions and policies having a bearing upon the hostilities in China, has steadfastly maintained that there is no heed to change Japan's fundamental policies calling for the overthrow of the regime of Gen. Chiang Kai-shek announced on Jan. 16.

U.S. Citizens Not Allowed Inland

The failure of Japanese troops even in such cities as Shanghai and Nanking to guarantee police protection for foreign nationals has led Japan to refuse permission to American missionaries, businessmen and physicians to return to Nanking and other cities to resume their business, the Japanese foreign office explained in a note sent to Washington, July 16, the *United Press* reported.

The note followed conversations between Joseph C. Crew, American Ambassador to Japan and Kensuke Horinouchi Vice-Minister for Foreign Affairs, at Tokyo. The conference was held for the purpose of obtaining the necessary permission from the Japanese Government to allow early admission of American missionaries and businessmen to Japanese occupied territory in China. The note, in a conciliatory tone, said, "concerning the present conditions of places in question, the Japanese Government even now is still continuing military operations under the command of self defense."

While the on surface cities such as Shanghai and Nanking may appear to be peaceful there must be special consideration for the safeguarding of military secrets, the note said. Moreover, there are "many individuals of dangerous character plotting conspiracies . . . ." the note said.

"It cannot be predicted," the note continued, "when incidents will occur. In view of these actual conditions, the police of the Japanese consulates alone are insufficient protection for nationals of third Powers. The note added that it would severely burden the operations of the army to assign regular military detachments for such protection of foreigners. The future policy, the note said, will be to permit a gradual return of third Power nationals "depending on the actual conditions prevailing at any given place."

Domei's Version

Insofar as military operations and conditions of safety permit, third Power nationals will be allowed by the Japanese authorities in some cases to return to Nanking and other cities along the lower Yangtze.

This was the gist of a note sent to the American Government by the Japanese Government in reply to a request by the United States that its citizens be permitted to return to their properties and businesses in interior cities, as reported by *Domei*.

Because of military operations and the necessity of maintaining order in Japanese occupied territory it is very difficult to permit the return of third Power nationals to interior cities, *Domei's* version said. The Japanese authorities have given a careful consideration to the matter as possible, the note stated, and permitted a number of Americans to return to their properties during May and June.

The Japanese authorities are not refusing every request for permission to third Power nationals to go to interior cities, and in the future they intend to gradually allow them to return, as the conditions of each place may permit, the note continued. Evacuation of the premises of Shanghai University by Japanese Army and Navy forces by July 5 had been decided upon, the note declared.

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